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8 UNITED STATES BANKRUPTCY COURT
9 FOR THE CENTRAL DISTRICT OF CALIFORNIA
10 RIVERSIDE COUNTY

11 In re:

12 DAVID ROBERT STONE, dba
13 CORNERSTONE FINANCIAL
SERVICES

14 Debtor.

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16
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18 JANET H. SIMKINS, as an individual and
as Trustee of the JANET H. SIMKINS
19 SURVIVOR'S TRUST,

20 Plaintiff

21 v.

22 DAVID ROBERT STONE,

23 Defendant

BK Case No. 6:25-bc-12353-SY

Chapter 7

Adv. No. _____

COMPLAINT FOR NON-
DISCHARGEABILITY OF DEBT
UNDER 11 U.S.C. § 523(a)(2)(A)
(FRAUD); § 523(a)(4) (LARCENY);
AND § 523(a)(6) (WILLFUL AND
MALICIOUS INJURY-ELDER
ABUSE);

Judge: Hon. Scott H. Yun

24 Plaintiff JANET H. SIMKINS, in her capacities as an individual and as Trustee
25 of the JANET H. SIMKINS SURVIVOR'S TRUST (in either or both capacities, called
26 "Plaintiff") brings the following "Complaint for Non-Dischargeability of Debt under
27 11 U.S.C. § 523(a)(2)(A)(Fraud); § 523(a)(4) (Larceny); and § 523(a)(6)(Willful and
28

Malicious Injury-Elder Abuse)” against Defendant DAVID ROBERT STONE (“Defendant” or “Debtor”) as follows:

PRELIMINARY ALLEGATIONS

1. Plaintiff hereby consents to the entry of final order or judgment by the Bankruptcy Court pursuant to Federal Rule of Bankruptcy Procedure 7008.

2. At all times relevant, Plaintiff, was and is, an individual over the age of 18 and resident of the City of Coronado, County of San Diego, State of California.

3. Plaintiff is informed and believes, and thereon alleges, that Defendant, was and is, a resident of County of Riverside, State of California. Plaintiff is further informed and believes, and thereon alleges, that Defendant, was and is, the principal of CORNERSTONE FINANCIAL SERVICES (“CFS”) which is a “dba” of Defendant and is therefore legally indistinguishable from Defendant other than for narrative purposes. In truth, CFS and the Debtor are alter egos of one another.

4. Plaintiff is informed and believes that Cornerstone Financial Services, as well as other entities operated by the Defendant, namely Calzona Truck Sales, Inc. and Stoneway Capital Corporation, are not and were not operated as sole proprietorships.

5. Any and all debts determined to be owed to Plaintiff by CFS, Calzona Truck Sales, Inc. and Stoneway Capital Corporation are not dischargeable as being debts of a corporate entity.

6. Plaintiff is listed among “Creditors Who Have Claims Secured by Property” on Defendant’s Bankruptcy Schedule D. *See* Dkt. No. 1; page 20 of Schedule D.

7. Plaintiff will timely file a Proof of Claim in the Bankruptcy Case.

VENUE AND JURISDICTION

8. This action is a core proceeding arising in or related to a case under Chapter 7 of the United States Bankruptcy Code, and this Court has jurisdiction over this adversary proceeding pursuant to 28 U.S.C. § 1334.

1 9. Venue is proper in this District and the Bankruptcy Court pursuant to 28
2 U.S.C. §§ 1408 and 1409, in that this is a proceeding arising under Title 11 of the
3 United States Code or arising in or related to a case under Title 11 of the United
4 States Code.

5 10. This is an adversary proceeding to determine the dischargeability of debt
6 owed to Plaintiff by Defendant pursuant to 11 U.S.C. § 523(a)(2)(A), § 523(a)(4), and
7 § 523(a)(6).

8 11. Plaintiff possesses and timely asserts claims for relief for the non-
9 dischargeability of the entirety of the debt owed to Plaintiff based upon Defendant's
10 fraud, larceny, and willful and malicious injury caused to Plaintiff arising from the
11 fraudulent and deceptive practices intentionally designed by Defendant to induce
12 Plaintiff (and, at the outset, her deceased husband) to loan hundreds of thousands of
13 dollars to Defendant (or to his deceptively-named dba, "Cornerstone Financial
14 Services") with no intention or means to repay the principal sums loaned to or placed
15 with the Debtor. The Debtor's scheme involved a series of representations made to
16 Plaintiff that Defendant knew to be false when he made them, including (a) that the
17 loans to or funds placed with the Defendant were fully secured by or represented the
18 purchase of certain truck leases referred to by Defendant as "Equipment Financing
19 Agreements" ("EFAs") or Equipment Lease Agreements ("ELAs") with face amounts
20 at least equal to the amounts loaned to or placed with Defendant; (b) each loan or
21 money placed with CFS was secured by or represented the purchase of discreet EFAs
22 listed on Schedules attached the various notes or instruments delivered to Plaintiff, and
23 (c) Plaintiff (and her now deceased husband) were further protected by one or more
24 "Guaranties" from Defendant which in truth were sham guaranties.

25 12. In addition, when various lenders to Defendant began demanding the
26 return of their principal, Defendant enticed Plaintiff to make an additional loan to
27 Debtor in late 2024 in the amount of \$200,000 at an increased rate of interest designed
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1 to further entice Plaintiff to make the loan at a time when the Debtor knew he had no
2 means of repaying the loan and had no intention of doing so.

3 13. The Court set July 21, 2025 as the deadline for the filing of Complaints
4 to determine the dischargeability of debts.

5 **FACTUAL BACKGROUND**

6 14. Plaintiff is a widow having lost her husband, Harry “Ron” Simkins in
7 2003. Plaintiff is currently over 80 years old.

8 15. Plaintiff is the successor in interest to Harry “Ron” Simkins as his heir
9 and/or as the trustee of the Janet H. Simkins Survivor’s Trust.

10 16. The obligations owed by Defendant and CFS (as alter egos of one
11 another) to The Simkins Family Trust, dated March 26, 1997 (as it may have been
12 amended from time to time), are now owned or held by Plaintiff and/or the Janet H.
13 Simkins Survivor’s Trust dated December 8, 2003 (as amended from time to time).
14 All assets relating to purchases of EFAs from CFS or loans made to CFS that were
15 originally held in The Simkins Family Trust, dated March 26, 1997 (as it may have
16 been amended from time to time) are now owned or held by Plaintiff and/or the Janet
17 H. Simkins Survivor’s Trust dated December 8, 2003 (as amended from time to
18 time).

19 17. Plaintiff is informed and believes based on marketing materials
20 disseminated by the Debtor that the Debtor formed CFS in the mid to early 1970’s.

21 18. Plaintiff is now aware the CFS was formed by the Debtor as a “dba” of
22 the Debtor, meaning that CFS was just the Debtor “doing business as” Cornerstone
23 Financial Services. Plaintiff was not aware that the Debtor and CFS were one and
24 the same from a legal standpoint until after the Debtor filed its chapter 7 petition.

25 19. In the mid-1990s, the Debtor solicited what the Debtor referred to as
26 “investments” from individuals by distributing marketing materials, documents
27 identified as a “Prospectus”, newsletters and other items promoting the security of
28

1 the investments and claiming in a 1995 newsletter that CFS was “proud to report a
2 100% return, and on time, of all contracted proceeds to all Investors.”

3 20. Among the Prospectuses that Plaintiff is informed and believes were
4 prepared by the Debtor, was a Prospectus received by Plaintiff’s now-deceased
5 husband, Harry R. Simkins (aka “Ron Simkins”) in 1995, according to Plaintiff’s
6 information and belief. That Prospectus (the “1995 Prospectus”) recited under the
7 CFS logo that ““CFS” has prepared the following Prospectus for Ron Simkins” and
8 that it was “Presented by David R. Stone,” the Debtor in this case. A true and
9 correct copy of the 1995 Prospectus is attached hereto as **Exhibit 1** (page 26) and is
10 incorporated herein by this reference.

11 21. According to the 1995 Prospectus, “Cornerstone Financial Services
12 (“CFS”) has been a commercial Lender [sic] for 20 plus years.” Although the
13 description in the 1995 Prospectus is a little vague, the business model for CFS
14 described in the 1995 Prospectus was that CFS would enter into financing
15 agreements or make loans to what are described as “‘B’ and ‘C’ caliber Borrowers.”
16 Those loans were then secured by collateral such as equipment (for example, trucks)
17 or occasionally real estate by way of deeds of trust. These agreements were referred
18 to in the 1995 Prospectus as “simple secure commercial Finance Agreements.”

19 22. Under the business model described in the 1995 Prospectus, the
20 “commercial Finance Agreements” between CFS and the various “‘B’ and ‘C’
21 caliber Borrowers” (referred to in later documentation as “Equipment Finance
22 Agreements” or “EFAs”) were sold to “Investors” after certain initial payments were
23 received by CFS.

24 23. According to the Introduction of the 1995 Prospectus:

25 CFS has for many years sold a portion of its small paper
26 products to Private Investors. Investors can participate in our
27 collateral intensive, security enhanced commercial paper as
28 an addition to their portfolio and experience secure equity
investing, fully amortized, with yields consistently at 14%

1 and even higher through compounding.

2 24. Further with regard to CFS's business model, the 1995 Prospectus
3 stated in the section entitled "Product:"

4 CFS will assign the remaining payments and all its security
5 to the Private Investor through an [sic] Present Value
6 Purchase Agreement (contract) (easy to read, two pages in
length). . . .

7

8 This is a straight purchase paper or participation
9 investment on fully amortized, short term finance
10 Agreements. The Investor begins to realize yield on day one
11 of the investment with normal amortized payments, received
monthly. The payments are generally pre-determined, equal
in size and the rate is fixed.

12 25. The Debtor represented to Plaintiff and her now-deceased husband that
13 if they placed an investment with CFS, they would be purchasing specific Equipment
14 Finance Agreements from CFS. The foregoing representation was false and the
15 Debtor knew it to be false each time the representation was made.

16 26. In the section of the 1995 Prospectus relating to "Risk," the 1995
17 Prospectus gave glowing reports regarding how investments with CFS were superior
18 in terms of returns and even with regard to safety as compared to investments such as
19 Certificates of Deposit given bank failures and the alleged insolvency of the FDIC.
20 The section on "Risk" concludes:

21 Agreement yields have not been lower than 14% throughout
22 the nineties, with compounding yields over 20%. Portfolio's
23 [sic] managed by CFS can double in value in five years. Full
24 credit presentations are done before a purchase is offered or
recommended. The yield return versus the potential risks are
high when compared to other investments. *CFS carries*
25 *sufficient reserves in the event of a liquidated loss.*

26 (Emphasis added.)

27 27. The statement in the Prospectus that CFS carried "sufficient reserves in
28 the event of a liquidated loss" was false and the Debtor knew it to be false when he

1 included the statement in the Prospectus and/or presented it to Plaintiff and her
2 husband.

3 28. Based on the Prospectus and other materials delivered to Plaintiff and/or
4 her husband and based on certain presentations made by the Debtor to Plaintiff and
5 her husband, whereby Plaintiff and her husband were led to believe that they were
6 purchasing specific Equipment Finance Agreements if they became “Investors” with
7 CFS, Plaintiff and her husband in reasonable reliance on those representations from
8 the Debtor agreed to invest monies with CFS.

9 29. As a further means to induce Plaintiff and her husband to turn funds
10 over to the Debtor to purportedly purchase EFAs from CFS, the Debtor presented
11 Plaintiff and her now-deceased husband with a document entitled “Guaranty” in June
12 of 1996. That initial Guaranty was then replaced by a subsequent “Guaranty” dated
13 as of April 28, 1998 (the “1998 Guaranty”). According to a letter from an employee
14 of CFS, Ms. Dawn Stanley, the 1998 Guaranty was essentially the same as the earlier
15 version of the Guaranty from 1996, but the 1998 Guaranty had been revised such that
16 it now included all “prior, current and future Contracts,” A true and correct copy of
17 the 1998 Guaranty is attached hereto as **Exhibit 2** (page 38) and is incorporated
18 herein by this reference.

19 **The 1996 Initial Loan and Later Notes**

20 30. On or about May 14, 1996, in reliance on the representations (and
21 misrepresentations) made by the Debtor to Plaintiff and her husband, Plaintiff and
22 her husband entered in an agreement with CFS (the “1996 Agreement”).

23 31. Under the 1996 Agreement, CFS promised to hold funds delivered to
24 CFS by “Harry and Janet Simkins” and any income on those funds (all of which
25 were referred to as “Proceeds”) in a manner that made them readily available to
26 Harry and Janet Simkins “upon demand or for present value purchase investment
27 opportunities which are offered by CFS.” Furthermore, “[a]ll Proceeds in receipt
28 [were to] bear interest at the rate of 5% (five-percent) annual simple interest,

1 accredited on the basis of a daily equivalent, adjusted quarterly relative to principle
2 balance.” A true and correct copy of the 1996 Agreement is attached hereto as
3 **Exhibit 3** (page 41) and is incorporated herein by this reference.

4 32. Plaintiff is informed and believes that it was pursuant to the 1996
5 Agreement that Harry Simkins (also sometimes referred to as Ron Simkins) in his
6 capacity as Trustee of the Simkins Family Trust deposited \$100,000 with CFS
7 pursuant to a check dated as of January 22, 1997 (although a notation signed by an
8 employee of CFS, Ms. Dawn Stanley, suggests that the check may have been written
9 on January 22, 1998.) A true and correct copy (with redactions for privacy purposes)
10 of the check dated as of January 22, 1997 (but possibly mis-dated) is attached hereto
11 as **Exhibit 4** (the “1997 Check”) (page 43).

12 33. The proceeds of the 1997 Check in the amount of \$100,000 plus
13 accrued and unpaid interest in an amount according to proof remains unpaid and
14 owing to Plaintiff by the Debtor.

15 34. During the course of the relationship between Plaintiff (and her husband
16 before he passed away) on the one hand and CFS on the other, the Debtor (through
17 CFS) promoted further “investment” with or through CFS by sending out
18 newsletters, reports and other communications which touted the returns available to
19 “investors,” assured prospective “investors” that their loans were secured by EFAs
20 that they had purchased from CFS, and claimed that during the decades CFS had
21 been in business “all Investors [had been] paid on time and without any losses
22 suffered, ever.”

23 35. Based on repeated assurances from the Debtor and various marketing
24 materials and presentations, Plaintiff (and her husband before he passed away) were
25 justified in believing that they were fully-secured creditors of CFS. They also
26 believed based on the Debtor’s representations, that the Guaranty provided them
27 with additional security and gave them recourse to means of repayment they
28 otherwise would not have had. For example, the 1998 Guaranty recited that CFS and

1 the Debtor as “Assignor” purported to agree in favor of “Ronald Simkins, as
2 Individual or inclusive in any other denomination and now known as Simkins Family
3 Trust“ as “Assignee” to “unconditionally guaranty *against a financial setback of*
4 *any kind* by Assignee beyond the receipt monthly of the amortized payment stream
5 or proceeds or monies due and to become due to Assignee from Assignor as manager
6 of the Contracts.” (Emphasis added.)

7 36. In reliance upon the representations and marketing pitches made by the
8 Debtor to Plaintiff, Plaintiff loaned CFS an additional \$250,000 on July 13, 2006 by
9 way of three checks drawn on separate bank accounts, one from Plaintiff’s personal
10 account and two from accounts held in the name of the Janet H. Simkins Survivor’s
11 Trust. In exchange for Plaintiff’s placement of those funds with CFS, the Debtor
12 caused CFS to deliver to Plaintiff a promissory note dated as of July 15, 2006 in the
13 face amount of \$250,000 payable to “Simkins Family Trust” and bearing interest at
14 10% per annum (the “\$250,000 Note”).

15 37. The \$250,000 Note recited in its heading that it was a “NOTE
16 SECURED BY EFA Schedule ‘A’ attached.” The “EFA Schedule ‘A’” listed five
17 Equipment Finance Agreements with a “present value” represented on the Schedule
18 to be equal to \$254,903.76. The heading, the list of EFAs and other language of the
19 \$250,000 Note were intentionally designed by the Debtor to give Plaintiff the false
20 impression that she was a fully secured creditor. Plaintiff reasonably relied on those
21 representations to her great injury. A true and correct copy of the \$250,000 Note,
22 including the EFA Schedule “A” and copies of the three checks (with redactions for
23 privacy purposes) that were written to the order of CFS are attached hereto as
24 composite **Exhibit 5** (page 45) and said exhibit is incorporated herein by this
25 reference.

26 38. Concurrently with the delivery to Plaintiff of the \$250,000 Note, the
27 Debtor also delivered to Plaintiff a new “Guaranty” dated as of July 15, 2006 (the
28 “2006 Guaranty”) a true and correct copy of which is attached hereto as **Exhibit 6**

(page 49) and is incorporated herein by this reference. The 2006 Guaranty, as was the case with each of the prior guaranties, was designed by the Debtor to give Plaintiff (and did give Plaintiff) the impression that she had additional security from CFS and the Debtor that supported her existing loan to the Debtor and any future loans. As was the case with the prior guaranties, the 2006 Guaranty stated that Defendant (and CFS) agreed “to unconditionally guaranty against *a financial setback of any kind* by Assignee beyond the receipt monthly of the amortized payment stream or proceeds or monies due and to become due to Assignee from Assignor as manager of the Contracts.” (Emphasis added.)

39. The 2006 Guaranty (and each of the guarantees that preceded it) were “sham” guaranties in that, to the extent they were comprehensible, the Debtor and CFS were guarantying their own obligations to Plaintiff. No additional security was provided by operation of the Guaranties.

40. The \$250,000 Note stated that it would mature and be payable in full in three (3) years. However, the Debtor did not pay off the \$250,000 Note, nor did he have any intention of doing so.

41. Rather than pay off the \$250,000 Note it was the Debtor’s intention consistent with his deceitfully-crafted “business model” to induce Plaintiff to “roll” the note over into a new payment obligation and defer payoff indefinitely. Furthermore, by repeating his representations to Plaintiff that Plaintiff was fully secured by the EFAs and had additional support from the 2006 Guaranty, the Debtor induced Plaintiff to loan an additional \$100,000 to CFS which she did by way of a check dated as of June 27, 2008.

42. Instead of giving Plaintiff a new note in the amount of \$100,000, the Debtor added the additional principal to the principal owing under the \$250,000 Note and had CFS execute a new promissory note payable to “Simkins Family Trust.” in the amount of \$350,000 and dated as of July 1, 2008 (the “2008 Note”). The 2008 Note bore the heading “NOTE SECURED BY EFA Schedule ‘A’ attached” and

1 attached a list of EFAs with a stated present value of \$366,666.00 which were
2 represented to Plaintiff as having been specifically sold or assigned to her to secure
3 the 2008 Note. The heading, the list of EFAs and other language of the 2008 Note
4 were intentionally designed by the Debtor to give Plaintiff the false impression that
5 she was a fully secured creditor. Plaintiff reasonably relied on those representations
6 to her great injury.

7 43. The 2008 Note recited that it replaced the \$250,000 Note and that the
8 2008 Note would mature in one (1) year. A true and correct copy of the 2008 Note
9 which listed EFAs together with a copy of the \$100,000 check dated as of June 27,
10 2008 (with redactions for privacy purposes) is attached hereto as composite Exhibit
11 7 (page 52) and said exhibit is incorporated herein by this reference.

12 44. The 2008 Note was not paid off on July 1, 2009. Instead, the Debtor
13 induced Plaintiff to roll the 2008 over into a new note in the face amount of
14 \$350,000 with a maturity date three (3) years thereafter on July 1, 2012. On that date
15 a new \$350,000 note was issued, this time payable to Janet Hope Simkins as Trustee
16 of the Janet Hope Simkins Survivor's Trust, again with a maturity date in three
17 years.

18 45. This pattern of replacing each note executed in the face amount of
19 \$350,000 at or about the time of the stated maturity of the note continued every three
20 years until CFS executed and delivered a promissory note to Plaintiff in the face
21 amount of \$350,000 dated as of July 1, 2021 (the "2021 Note").

22 46. Each of the notes executed in the face amount of \$350,000 (collectively,
23 the "\$350,000 Notes"), including the 2021 Note, contained the heading "NOTE
24 SECURED BY EFA Schedule 'A' attached" and a list of EFAs which were
25 represented to Plaintiff as having been specifically sold or assigned to her to secure
26 the applicable note. The headings, the lists of EFAs and other language of each of
27 the \$350,00 Notes, including the 2021 Note were intentionally designed by the
28 Debtor to give Plaintiff the false impression that she was a fully secured creditor.

1 Plaintiff reasonably relied on those representations to her great injury. A true and
2 correct copy of the 2021 Note is attached hereto as **Exhibit 8** (page 56) and said
3 exhibit is incorporated herein by this reference.

4 47. Plaintiff is informed and believes that at some point in 2024, “investors”
5 in the Debtor’s scheme began to resist rolling notes over into new payment
6 obligations due some years in the future. These “investors” began to ask for their
7 principal back; for the Debtor to pay notes at maturity. Plaintiff was unaware of his
8 development at the time.

9 48. In October or November of 2024, the Debtor approached Plaintiff to ask
10 her to make another loan to CFS. This time Debtor offered to give Plaintiff 12%
11 interest on the new loan. The Debtor once again assured Plaintiff that she would be
12 fully secured by specified EFAs (or, now, ELAs) and by the Guaranty. Plaintiff
13 agreed to loan CFS an additional \$200,000 which CFS or its employees deducted
14 from one of Plaintiff’s bank accounts maintained at BNY-Mellon. In exchange,
15 Plaintiff received a new promissory note in the face amount of \$200,000 dated as of
16 November 8, 2024 (the “2024 Note”).

17 49. As was the case with the other notes delivered to Plaintiff, the 2024
18 Note was entitled: “NOTE SECURED BY EFA Schedule ‘A’ attached” and attached
19 a list of EFAs that were represented to Plaintiff as having been being specifically
20 sold or assigned to her to secure the 2024 Note. The heading, the list of EFAs and
21 other language of the 2024 Note were intentionally designed by the Debtor to give
22 Plaintiff the false impression that she was a fully secured creditor. Plaintiff
23 reasonably relied on those representations to her great injury. A true and correct copy
24 of the 2024 Note (with redactions for privacy purposes) is attached hereto as **Exhibit**
25 **9** (page 59) and is incorporated herein by this reference.

26 **Use of the IRA**

27 50. The Debtor’s fraudulent and deceitful scheme aimed at siphoning
28 money from unwitting individuals who believed that the loans or “investments” they

1 made to or with CFS were fully secured by a combination of EFAs specifically
2 assigned or allocated to the and a Guaranty was not limited to direct loans or
3 investments from individuals.

4 51. The Debtor also promoted a program pursuant to which individuals
5 could use money in Individual Retirement Accounts (“IRAs”) to purchase EFAs
6 from CFS. For example, in a newsletter disseminated to prospective “investors” by
7 the Debtor for the year ending 1995 (the “1995 Newsletter”), the Debtor through his
8 dba, CFS, advertised under the heading “PENSCO Pension Services” that:

9 Essentially, you can invest in CFS products with your IRA
10 capital and experience our high yields, tax free, until
11 retirement disbursement. The transfer entails a small set up
12 fee and then an annual charge of 3/10ths (three-tenths) of
13 one percent of the account equity. This is one of the smallest
management fees in the business. Of course our annual
management fee of zero dollars remains the leader.

14 A true and correct copy of the 1995 Newsletter is attached hereto as **Exhibit**
15 **10** (page 61) and is incorporated herein by this reference. Subsequent
16 Newsletters continued to promote the use of IRAs to make “investments”
17 with CFS, stating in a year End Newsletter for 1997, for example, that:

18 Our IRA participation continues to expand with many
19 Investors rolling over their current account(s) to our IRS
20 qualified, self directed custodian, Pensco Pension Services
21 based in San Francisco. Now you can earn that consistent
22 14% fixed rate, plus compounding "tax free" until required
disbursement.

23 52. In reasonable reliance on the Debtor’s promises of substantial tax-
24 deferred returns with respect to allegedly fully secured “investments” which were
25 supported by discrete EFAs assigned or sold to the applicable investor, Plaintiff and
26 her husband opened an IRA with PENSCO Pension Services (“PENSCO”) in 1997.
27 The initial application for the IRA named the Debtor, David R, Stone, as the
28 representative of the Plaintiff and her husband for the IRA.

1 53. Once their IRA account was opened at PENSCO, Plaintiff and her
2 husband caused monies in another individual retirement account maintained at
3 another institution to be rolled over into the new IRA at PENSCO.

4 54. The IRA initially established by Plaintiff and her husband at PENSCO
5 (the “IRA”) was a self-directed IRA, meaning that the account holder was able to
6 make all investment decisions. What occurred under the Debtor’s scheme was that
7 the Debtor induced Plaintiff and her husband through deceit and fraudulent
8 misrepresentations to allow the Debtor to make the investment decisions using the
9 funds in the IRA in order to place “all investments” with CFS.

10 55. The primary vehicle by which the Debtor caused PENSCO to use the
11 funds in the IRA to make “investments” with CFS, were agreements, each entitled
12 “Participation and Security Agreement” (“PSA”). Each PSA would relate to a
13 particular “Equipment Finance Agreement” (later sometimes called an “Equipment
14 Lease Agreement”) naming a particular borrower under the EFA—typically in
15 Plaintiff’s case, the lessee of a truck from CFS. The PSA would recite, for example,
16 that in exchange for a stated sum (which was deducted from the IRA), CFS “hereby
17 assigns, transfers and sets over to Pensco Trust Co. FBO Janet Simkins (“Assignee”)
18 a divided participation (“Participation”) in all remaining full rental payments
19 (“Proceeds”) now due and/or hereafter to become due to [CFS]” from the named
20 lessee. The PSA would specify an interest rate payable to Plaintiff.

21 56. Each PSA used to document withdrawals from the IRA to “invest” with
22 CFS recited that Plaintiff was secured. The PSA would provide more or less as
23 follows:

24 As security for the performance of all obligations of the
25 Debtor under the EFA. Assignor hereby grants Assignee a
26 security interest in and a lien on all of the Assignor's right.
27 title and interest in the equipment. which is the subject of the
28 EFA and is described in Schedule "A" of the EFA (the
"Equipment").

1 57. The PSA would also make reference to the applicable Guaranty referred
2 to above as providing “further rights granted as security” to Plaintiff.

3 58. The references to security and to the Guaranty made in the PSA along
4 with other representations made by the Debtor both orally and in writing gave
5 Plaintiff the false impression that the loans or investments made from the IRA were
6 fully secured by discreet EFAs not assigned to anyone else and induced Plaintiff to
7 allow monies held in the IRA to be loaned or re-loaned with CFS time and time
8 again.

9 59. In 2008, the designated representative for Plaintiff with respect to the
10 IRA held at PENSICO was changed from David R. Stone to Ms. Dawn Stanley,
11 another officer of CFS, pursuant to an “Account Authorization Access” form (the
12 “2008 Authorization Form”) executed as of June 27, 2008 by Plaintiff and Dawn
13 Stanley of CFS. According to the 2008 Authorization Form, the designated
14 representative “will have full authority to access the Account information and give
15 PENSICO Trust Company investment and transaction instructions for the Account.”
16 A true and correct copy of the 2008 Authorization Form (with redactions for privacy
17 purposes) is attached hereto as **Exhibit 11** (page 63) and is incorporated herein by
18 this reference.

19 60. Plaintiff is informed and believes and on that basis alleges that
20 PENSICO officially became Pacific Premier Trust on June 1, 2020, when it was
21 merged with and into Pacific Premier Bank. After that point, Plaintiff’s IRA was
22 held at Pacific Premier Trust (“Pacific Premier”). Also after this point, each PSA
23 named Pacific Premier Trust Custodian FBO Janet Simkins IRA as the “Assignee”
24 under the applicable PSA. Ms. Dawn Stanley, an officer of CFS, or the Debtor
25 remained an “Authorized Representative” for the IRA now held at Pacific Premier.

26 61. On various occasions, the PSAs evidencing withdrawals from the IRA
27 to “invest” the funds with CFS, were signed not by Plaintiff, but rather by David
28 Stone or, after 2008, by Ms. Dawn Stanley of CFS.

62. One of the more recent PSAs that was executed in connection with a withdrawal from the IRA is a “Participation and Security Agreement” executed as of April 15, 2024 (the “Axume PSA”) by the Debtor as “Assignor” and by Plaintiff reciting that CFS assigned transferred and set over to “Pacific Premier Trust Custodian FBO Janet Simkins IRA” as “Assignee” rental payments due under an Equipment Lease Agreement between CFS and an individual trucker named Abel A. Ramos Axume. A true and correct copy of that PSA is attached hereto as **Exhibit 12** (page 65) and is incorporated herein by this reference. In this circumstance, the interest rate promised to Plaintiff was ten percent (10%). Once again, the Axume PSA purported to grant Plaintiff “a security interest in and a lien on all of the Assignor's right, title and interest in the equipment, which is the subject of the ELA and is described in Schedule "A" of the ELA (the "Equipment").”

63. The Axume PSA also stated that Plaintiff had “further rights granted as security more fully explained in that certain Guarantee Agreement between Assignor and Assignee entered into on April 28, 1998” although this may have been a pasting error and the intent was to refer to a later Guaranty.

64. The Axume PSA further represented to Plaintiff that “Assignor has the right to assign the ELA, and this Agreement conveys good title to the Participation free of all liens and encumbrances.”

65. All PSAs used by the Debtor as part of his fraudulent “business model” with respect to CFS contained substantially similar terms, recitations and representations to those contained in the Axume PSA.

66. Each of the recitations and representations made by the Debtor in the Axume PSA and each other PSA used on behalf of CFS relating to Plaintiff's secured positions or ability to rely on a Guaranty were false and the Debtor knew them to be false when he made those recitations and representations. In addition, the text of each PSA and the recitations and representations contained in them were designed and intended to induce an unwary potential “investor” such as Plaintiff into

believing that she was secured and protected and not undertaking any significant risk by using funds in in her IRA to purchase PSAs from CFS. This design and intent was fraudulent, deceitful, malicious and willful.

67. In early July, 2025, Plaintiff received a statement from Pacific Premier Trust (the “PPT Statement”) covering the period spanning April 1, 2025 through June 30, 2025, a true and correct copy of which (redacted to remove personal information) is attached hereto as **Exhibit 13** (page 67) and is incorporated herein by this reference. According to the PPT Statement, Plaintiff’s IRA account had a value on April 1, 2025 of \$550,986.11. Out of that sum, \$542,201.98 was represented by “investments” with CFS in seven (7) PSAs identified by the names of different lessees.

Bankruptcy.

68. On April 14, 2025, the Debtor commenced his chapter 7 case.

69. On Schedule D of his Schedules, the Debtor scheduled creditors holding secured claims and listed among them some 75 creditors (the “EFA Creditors”) holding claims aggregating some \$55,142,794 (according to Schedule D) which are reportedly (according to Schedule D) secured by \$12,692,311.60 in the form of a collateral pool described in Schedule D as “Balance owing to Debtor in leased trucks.”

70. The Debtor committed fraud upon Plaintiff by leading her to believe that each loan she made to CFS and each PSA representing a purchase from her IRA were secured by specific identifiable truck leases. If that were the case, the collateral pool securing her claims would be identifiable and close in value to the amounts she loaned to CFS plus the amounts used from her IRA to purchase interests in PFAs. Furthermore, the total collateral pool for all EFA Creditors should not be worth some \$40 million *less* that the amount scheduled as being owed to the EFA Creditors.

71. In addition to the EFA Creditors which are owed (based on Schedule D) some \$55,142,794, the Debtor has scheduled unsecured claims totaling

1 \$6,890,243.37, but that figure does not include potential claims of unsecured
2 creditors with respect to which Schedule E/F listed their claim amounts as
3 “unknown.”

4 72. According to the PPT Statement attached hereto as **Exhibit 13** (page
5 67), the interests of Plaintiff in the truck leases that were subject to PSAs executed
6 by CFS in connection with the IRA are now considered to be zero.

7 73. In light of the information currently available from the Debtor’s
8 Schedules and the PPT Statement, there is a substantial likelihood that Plaintiff will
9 recover mere pennies on the dollar, if anything, on account of her claims against the
10 Debtor—claims that the Debtor deceitfully led her to believe were fully secured.

11 74. The damages suffered by Plaintiff which are non-dischargeable total not
12 less than \$1,192,201.98 *plus* interest as allowed by law, attorneys’ fees and costs as
13 allowed by law, punitive damages, and other such relief as the Court deems proper.

14 **FIRST CLAIM FOR RELIEF**

15 **(Fraud 11 U.S.C. § 523(a)(2)(a))**

16 75. Plaintiff incorporates by reference each and every allegation contained
17 in all Paragraphs of this Complaint as though fully set forth.

18 76. Pursuant to 11 U.S.C. § 523(a)(2)(A), a discharge under section 727 or
19 section 1328 of Title 11 of the United States Code does not discharge a debtor for
20 money obtained by false pretenses, a false representation, or actual fraud.

21 77. Where a debtor is guilty of “making affirmative misrepresentations of
22 fact, omitting disclosure of pertinent facts which he had a duty to disclose, and creating
23 a false pretense of a low risk, high return investment program [thereby causing
24 Plaintiff] to part with her money because of his fraud,” the debtor’s debt “is
25 nondischargeable under § 523(a)(2)(A).” *In re Del Valle*, 577 B.R. 789, 794 (Bankr.
26 CD Cal. 2017).

27 78. The Debtor on his own behalf and as a principal of CFS made false
28 representations through documents such as the Prospectus delivered to Plaintiff and

1 her husband, newsletters distributed annually, marketing materials and many other
2 written communications representing to potential “investors” that either they were
3 purchasing specific Equipment Financing Agreements (that is, “EFAs”), or that
4 specific EFAs fully secured their loans. The Debtor’s statements and failure to
5 disclose that EFAs specifically identified to loan made by Plaintiff to CFS also were
6 identified to other loans created “a false pretense of a low risk, high return
7 investment” that caused Plaintiff to part with over \$1,000,000, approximately half of
8 which came from her retirement account.

9 79. The Notes issued by CFS explicitly stated that each note was secured by
10 specific EFAs.

11 80. The Debtor misrepresented to Plaintiff that not only was she fully
12 secured by the EFAs, but that the Guaranty provided additional security to her,
13 claims that the Debtor knew were false.

14 81. The Debtor deceitfully and fraudulently represented to Plaintiff and her
15 husband that CFS had sufficient liquidity to repay loans made to CFS at maturity.

16 82. The Debtor deceitfully and fraudulently represented to Plaintiff and her
17 husband that specific EFAs were either sold to Plaintiff and her husband or were
18 allocated to Plaintiff and her husband in each case to the exclusion of other
19 competing “investors” or lenders. This was a false representation and the Debtor
20 knew it was false when he made those representations.

21 83. Plaintiff is informed and believes and thereon alleges that neither the
22 Debtor nor CFS had the capacity, resources, or means to repay loans at maturity if
23 investors failed to roll loans over or if the Debtor failed to entice new “investors” to
24 participate in the Debtor’s schemes.

25 84. Plaintiff is informed and believes and thereon alleges that at all times
26 mentioned herein, the Debtor knew his representations were false or recklessly
27 disregarded the truth of his representations when he made them.

1 85. Plaintiff reasonably and justifiably relied on the fraud,
2 misrepresentations and falsehoods communicated to her orally and in writing by the
3 Debtor to Plaintiff's harm, injury and detriment suffering actual damages totaling in
4 excess of \$1,192,201.98, plus interest and attorneys' fees and costs as allowed by
5 law.

6 86. Based on the foregoing, the Debtor committed actual fraud within the
7 meaning of 11 U.S.C. §523(a)(2)(A) and as a result of the actual fraud, Plaintiff is
8 entitled to receive a Judgment from this Court: (i) for monetary damages in the
9 amount of not less than \$1,192,201.98 plus interest, fees and costs as permitted by
10 law; and (ii) that said Judgment should be adjudged, decreed and determined by this
11 Court to be nondischargeable pursuant to 11 U.S.C. § 523(a)(2)(A).

12 **SECOND CLAIM FOR RELIEF**

13 **(Larceny 11 U.S.C. §523(a)(4))**

14 87. Plaintiff incorporates by reference each and every allegation contained
15 in all Paragraphs of this Complaint as though fully set forth.

16 88. Pursuant to 11 U.S.C. § 523(a)(4), a discharge under section 727 or
17 section 1328 of Title 11 of the United States Code does not discharge a debtor for
18 money obtained by larceny.

19 89. The Debtor took possession of not less than \$1,192,201.98, which was
20 the property of Plaintiff. The funds were provided by Plaintiff under and pursuant to
21 false pretenses, fraud and a design by the Debtor to steal the funds from Plaintiff for
22 the Debtor's personal use rather using the funds to acquire sufficient EFAs to fully
23 secure the loans or "investments" made by Plaintiff to the Debtor (or to his alter ego,
24 CFS).

25 90. The Debtor induced Plaintiff and her husband to provide funds to the
26 Debtor willingly through the false pretenses of the Debtor. The funds were intended
27 to be loaned to CFS in order to enable CFS to enter into legitimate EFAs that were
28 then either sold to Plaintiff or duly pledged to Plaintiff to fully secure the loans she

1 made to CFS. Instead, the Debtor's true purpose was to unjustly enrich himself
2 while deliberately failing to uphold his agreed-upon obligations.

3 91. Plaintiff is informed and believes and thereon alleges that at the time
4 the Debtor took possession of the funds from Plaintiff, he intended to permanently
5 deprive Plaintiff of the money through deceit and trickery. Evidence of such includes
6 the Debtor's practice of enticing Plaintiff to "roll" notes over rather than paying them
7 off at maturity, enticing her to make loans or "investments" by assuring her of her
8 fully secured status and providing attractive returns without protecting Plaintiff's
9 principal, and enticing her to make an additional loan at a higher rate of interest
10 when other lenders were demanding the repayment of their principal.

11 92. As a result of the Debtor's actions, Plaintiff was deceitfully deprived
12 of her money. The misappropriation and actual larceny of the funds by the Debtor
13 has persisted for years.

14 93. Plaintiff reasonably and justifiably relied on the fraudulent statements,
15 misrepresentations and falsehoods communicated to her orally and in writing by the
16 Debtor to Plaintiff's harm, injury and detriment suffering actual damages from the
17 larceny committed by the Debtor totaling not less than \$1,192,201.98 plus interest
18 and attorneys' fees and costs as allowed by law.

19 94. Rather than be forced to return Plaintiff's money, the Debtor filed a
20 chapter 7 petition and is thereby refusing to repay Plaintiff.

21 95. Based on the foregoing, the Debtor has committed larceny within the
22 meaning of 11 U.S.C § 523(a)(4) and as a result of the larceny, Plaintiff is entitled to
23 receive a Judgment from this Court: (i) for monetary damages in the amount of not
24 less than \$1,192,201.98, plus, interest, fees and costs as permitted by law; and (ii)
25 that said Judgment should be adjudged, decreed and determined by this Court to be
26 nondischargeable pursuant to 11 U.S.C. § 523(a)(4).

THIRD CLAIM FOR RELIEF

(Willful and Malicious Injury 11 U.S.C. § 523(a)(6))

96. Plaintiff incorporates by reference each and every allegation contained in all Paragraphs of this Complaint as though fully set forth.

97. Pursuant to 11 U.S.C. § 523(a)(6), a discharge under section 727 or section 1328 of Title 11 of the United States Code does not discharge a debtor for any debt for willful or malicious injury by the debtor to another entity or to the property of another entity.

98. Plaintiff was at all times since 2007 over 65 years of age and was therefore an “Elder” within the meaning of California Welfare and Institutions Code (“Welf & Inst. Code”) §15610.27 for all events described above occurring after Plaintiff’s 65th birthday in 2007.

99. Under Welf & Inst. Code §15610.30(a):

“Financial abuse” of an elder or dependent adult occurs when a person or entity does any of the following:

(1) Takes, secretes, appropriates, obtains, or retains real or personal property of an elder or dependent adult for a wrongful use *or with intent to defraud*, or both.

(2) Assists in taking, secreting, appropriating, obtaining, or retaining real or personal property of an elder or dependent adult for a wrongful use *or with intent to defraud*, or both.

(3) Takes, secretes, appropriates, obtains, or retains, or assists in taking, secreting, appropriating, obtaining, or retaining, real or personal property of an elder or dependent adult by *undue influence*, as defined in Section 15610.70.

(Emphasis added.)

100. Under Welf & Inst. Code §15610.70(a):

“Undue influence” means excessive persuasion that causes another person to act or refrain from acting by overcoming that person’s free will and results in inequity. In determining whether a result was produced by undue influence, all of the

1 following shall be considered:

2 (1) The vulnerability of the victim. Evidence of
3 vulnerability may include, but is not limited to, incapacity,
4 illness, disability, injury, age, education, impaired cognitive
5 function, emotional distress, isolation, or dependency, and
6 whether the influencer knew or should have known of the
7 alleged victim's vulnerability.

8 (2) The influencer's apparent authority. Evidence of
9 apparent authority may include, but is not limited to, status
10 as a fiduciary, family member, care provider, health care
11 professional, legal professional, spiritual adviser, expert, or
12 other qualification.

13 (3) The actions or tactics used by the influencer. . . .

14 101. As is demonstrated by the facts alleged in the preceding paragraphs of
15 this Complaint, the Debtor willfully and maliciously devised an elaborate program
16 designed to enable himself cloaked as “Cornerstone Financial Services” to take or
17 assist in the taking of property in the form of cash and retirement savings from
18 Plaintiff for his own wrongful use and/or with the intent to defraud Plaintiff out of
19 funds that she could sorely afford to lose.

20 102. The Defendant manipulated Plaintiff with marketing materials and
21 newsletters and personal appeals extolling the opportunity for significant returns
22 while leading Plaintiff to believe her loans to CFS were fully secured and essentially
23 risk free. The Debtor heralded that CFS had never defaulted in tis obligations to
24 “investors.” but if that was true, it was either because he convinced the creditors he
25 described as “investors” to roll over their notes when they matured, or he enticed
26 new unwitting individuals to participate in his “Ponzi” scheme: new money came in
27 to keep the Debtor from defaulting with respect to earlier investors.

28 103. The Debtor’s intent in promoting his scheme and enticing Plaintiff to
make loans to CFS, roll loans over as they matured rather than ask the Debtor to pay

1 them off, and to drain her IRA for the purpose of buying sham investments from
2 CFS were all done with the intent to defraud Plaintiff.

3 104. The Debtor also exerted undue influence over Plaintiff. He knew she
4 was a widow. He claimed to have a business model proven to succeed over decades
5 that was far superior to investment vehicles offered by banks or other competitors of
6 his. He held himself out as an expert and unduly influenced Plaintiff to keep most of
7 her capital “invested” with CFS.

8 105. The Debtor’s conduct was reckless, oppressive, and fraudulent. It was
9 also malicious and willful within the meaning of. 11 U.S.C. §523(a)(6).

10 106. The Debtor is guilty of financial elder abuse. As a result, under Welf &
11 Inst. Code §15657.5(a), Plaintiff is entitled to “compensatory damages and all other
12 remedies otherwise provided by law” and in addition “the court *shall* award to the
13 plaintiff reasonable attorney’s fees and costs.” (Emphasis added.)

14 107. Plaintiff also seeks punitive damages under California Civil Code §3294
15 in the amount of at least \$500,000 against the Debtor and asks that they be trebled
16 based on California Civil Code §3345 which permits the court to treble punitive
17 damages where, among other things, the court considers “(1) Whether the defendant
18 knew or should have known that their conduct was directed to one or more senior
19 citizens, disabled persons, or veterans, ” or “(2) Whether the defendant’s conduct
20 caused one or more senior citizens, disabled persons, or veterans to suffer . . .
21 substantial loss of property set aside for retirement,”

22 108. Based on the foregoing, the Debtor has committed willful or malicious
23 injury with respect to Plaintiff within the meaning of 11 U.S.C. § 523(a)(6) and is
24 also guilty of elder financial abuse within the meaning of Welf & Inst. Code
25 §15610.30(a). As a result, Plaintiff is entitled to receive a Judgment from this Court:
26 (i) for monetary damages in the amount of not less than \$1,192,201.98, plus, interest,
27 fees and costs as permitted by law; , (ii) punitive damages, (iv) attorneys’ fees
28 according to proof, and (v) a determination that said Judgment should be adjudged,

decreed and determined by this Court to be nondischargeable pursuant to 11 U.S.C. §523(a)(6).

PRAYER

WHEREFORE, Plaintiff respectfully requests the following relief:

1. For compensatory damages in favor of Plaintiff in the amount of at least \$1,192,201.98;
2. For exemplary damages totaling such amount as may be proper;
3. For interest according to proof as allowed by law;
4. For fees and costs incurred by Plaintiff in connection with this action, including reasonable attorneys' fees as allowed by law;
5. For a determination that the debt owed to Plaintiff by the Debtor is nondischargeable under 11 U.S.C. § 523(a)(2)(A) for fraud;
6. For a determination that the debt owed to Plaintiff by the Debtor is nondischargeable under 11 U.S.C. § 523(a)(4) for larceny;
7. For a determination that the debt owed to Plaintiff by the Debtor is nondischargeable under 11 U.S.C. § 523(a)(6) as being willful or malicious; and
8. For such other and further relief as this Court may deem proper.

DATED: July 21, 2025

PROCOPIO, CORY, HARGREAVES &
SAVITCH LLP

By: /s/ William A. Smelko
William A. Smelko
Attorney for Creditor & Plaintiff, Phil
Plaintiff

EXHIBIT 1

CFS Prospectus



"CFS" has prepared the following Prospectus for:

Ron Simkins

Presented by: David R. Stone

INTRODUCTION

Cornerstone Financial Services ("CFS") has been a commercial Lender for 20 plus years. The company operates exclusively from our San Rafael, California location. We conduct business on a national scale with some international activity. CFS has a customer base of over 2,500 accounts. Besides our larger ticket, premium accounts, CFS continues one of our most successful lending concepts of "spread-the-risk" small ticket lending (under \$50,000) to "B" and "C" credits on basically over collateralized higher rate, short term products. CFS has continued this concept for years, approving credits, perfecting documentation and selling this type of commercial paper through discounting to the financial industry or secondary market and Present Value purchase to the private marketplace.

Over the years, CFS has sold to companies such as Wells Fargo Leasing, Security Pacific Leasing, Chrysler Capital Corporation, Bank of the West, Chase Manhattan, ITT, CIT, Textron Financial Corporation and many others. Most of those financial groups have either merged, been sold outright or have been forced to discontinue discounting purchase paper because of tightening regulatory procedure changes. There has been an ever present revolving door loss of banking relationships because of this volatility.

With the chaos of the financial banking industry, compounded by the S & L deregulation problem, the remaining solvent financial institutions must carry large capital reserves for most forms of consumer and commercial lending. Lenders, for instance, to counter a tight lending environment can invest in Federal Government T-Bills and work on predictable spreads without reserve allocations.

CFS has for many years sold a portion of its small paper products to Private Investors. Investors can participate in our collateral intensive, security enhanced commercial paper as an addition to their portfolio and experience secure equity investing, fully amortized, with yields consistently at 14% and even higher through compounding.

LESSOR/COMMERCIAL LENDER

CFS is a privately held company. The company's primary focus is to take advantage of the higher yields and shorter amortizations synonymous with commercial lending. Additional features were the repeat customer base, tax advantages, syndication abilities, Vendor service network and industry and private placement relationships.

CFS is currently rated 2A1 by Dun & Bradstreet. We maintain a Commercial Lenders License with State Board of Corporations. Our asset base is made up of real property, commercial paper as a long term receivable, cash and cash equivalents and a residual bank as a future value receivable. We own our own building in central San Rafael. Our furniture, fixtures and capital equipment are owned outright.

The business and ownership has spotless credit and high unsecured borrowing power, liquidity, and no recorded historical receivable charge-offs and negligible delinquency.

PRODUCT

CFS specializes in simple secure commercial Finance Agreements. The Agreements are usually short term (one to three years), non-cancelable contracts. Transaction sizes range from \$5,000 to \$50,000.

CFS collects initial income from the Debtor on the completed transaction in the form of advance payment rentals, traditionally the first and last payments or roughly 4% to 8% of the financed amount.

CFS retains a 10% guaranteed future purchase Addendum by all Debtor's to purchase the equipment at contract termination. This becomes due after receipt off all contract payments per the Agreement. CFS, as Creditor, has all legal rights (see documentation) as owner of the collateral or sometimes referred to as personal property or equipment. The guaranteed future purchase requirement gives CFS a great incentive to see the commercial paper through maturity.

CFS will assign the remaining payments and all its security to the Private Investor through an Present Value Purchase Agreement (contract) (easy to read, two pages in length). The Agreement is a present value of the remaining payment stream (similar to purchasing a discounted second deed of trust).

Each of the Agreements is different, yet the Private Investor is still receiving a pure predetermined fixed yield based on dollars invested.

The Investor is not charged any points and there are no service fees of any kind. This is a straight purchase paper or participation investment on fully amortized, short term finance Agreements. The Investor begins to realize yield on day one of the investment with normal amortized payments, received monthly. The payments are generally pre-determined, equal in size and the rate is fixed. The interest income received is earned on an annual basis and a 1099 interest income statement is issued after each calendar year, unless the purchase is through your qualified retirement plan or a professional Corporation.

CREDIT/BORROWERS

"A" credits in our lending environment (the secondary market) are impractical relative to this product basically because the funds are available to them through their historical banking relationships at very low interest rates. Additionally, they usually require five year or longer terms. These factors are not appealing to the private market, along with the fact that there is not enough yield to make it worthwhile to service debt that long.

We as Lender/Underwriters are looking for the best credits, highest yield opportunity or rate/risk ratio and the shortest period of time. We can afford to be selective in a non-lending environment, regardless where the prime rate is. Our objective is lending to small commercial accounts with guarantee's from the major shareholders, for a short period of time. Consumer lending is of no interest. Low interest rates and long amortizations (more than 4 years) are also of no interest.

In a small paper lending environment, rates and terms become less significant with speed, service and future availability of funds become more important. For every ten deals that we propose, an average of three deals are accepted relative to rates, terms and structure suitable to be offered to Private Investors.

In addition, our understanding of the equipment, personal property and in some cases Real Property being presented as collateral in each Agreement is very important when considering potential liquidation. In most cases we have additional free and clear collateral, blanket liens, contract assignment, etc., full insurance coverage against fire and theft (in all cases), and qualified full or partial recourse by the Vendors or Sellers of the equipment, along with remarketing agreements. In some cases, full Lender recourse is available. In all cases the majority shareholders guarantee the performance of the Commercial Borrowers.

SECURITY

Each Agreement that is prepared by our firm is secured with as much documentation as possible, considering the relatively small dollar amounts. CFS actually loses good business from time to time because we are documentation intensive. Our Documentation includes, but is not limited to:

1. Finance Agreement
2. Corporate Resolution (when applicable)
3. Partnership Resolution (when applicable)
4. Personal Guarantees of all major shareholders/general partners (all cases)
5. Acknowledgment of Delivery and Acceptance
6. Disclaimer (No Warranties by Lessor)
7. Landlord Waiver (when applicable)
8. Lien Search (when applicable)
9. Original Vendor Invoice(s), Collateral Verification
10. UCC-1 Timely Filing ("Blanket lien on all other equipment and business assets in most cases)
11. Schedule "A" of all Collateral
12. Insurance Binder, in most cases for the sum of the payments, with CFS as Loss Payee and Additional Insured
13. Certificate of title on licensed Vehicles

CFS warrants that the various Agreements are genuine and represent a valid obligation of a bona fide Debtor, all names, addresses, amounts, dates, signatures and other statements and facts are true and correct; the collateral has been delivered and installed, as applicable, and accepted by the Debtor; the Agreement and any guaranty in connection are enforceable in accordance with their terms. The Debtor evidences valid reservation of title to all pledged collateral. The Agreement complies in all respects with applicable laws and regulations and is and will be free from any liens, setoffs, counterclaims and other defense. CFS has the right to assign the Agreement and convey good title to the Investor free of all liens and encumbrances.

UNDERWRITING

As credit investigators, we research each potential area of concern and present the information to potential Investors for their review. In all cases the credit package becomes part of the Investor's documentation in the event of a Present Value Purchase Investment which can include some or all of the following:

- | | |
|--|--|
| 1. Business History | 12. Agreement signed as to Terms and Rates |
| 2. Bank History | 13. Collateral Evaluation |
| 3. Trade History | 14. Peripheral Recourse Potential |
| 4. Prior Borrowing History (Pay Habits) | 15. Collateral Liquidity (in the event of default) |
| 5. Lien Search | 16. Landlord history and Waiver of Rights to our Collateral |
| 6. Personal Credit Bureau reports, D&B Business Reports | 17. Blanket Lien Releases (where applicable) |
| 7. Cash Flow Analysis | 18. Adverse Material explanation or story to Lender Satisfaction |
| 8. Secondary Support Evaluations | 19. Proformas and Projections |
| 9. Liquidity Test | 20. Vendor Evaluation, Equipment Support |
| 10. Financial Analysis Ratios | |
| 11. Collection of all Financial Information required by Underwriting | |

SERVICES/OPERATIONS

Our company is well trained in the areas of credit investigation, underwriting, documentation, billing and collecting, legal and liquidation (if required), and computer tracking, reporting and custom accounting.

Our average annual volume throughout the nineties is over \$20 million. Our current capacity is \$7.5 million in aggregate debt servicing on small paper (in house). The average Investor purchase is \$29,000 per transaction. Current Private activity is over 6 million annually. Historical net chargeoffs to date are none. Investor late payment history, in the aggregate, to date is zero. Current major delinquency (60 days or greater) is negligible.

We have the ability to build custom "deposit only" bank accounts for Investors to keep their monthly principle and interest payments separate from their other assets, along with the ability to compound and reinvest principle and interest by CFS for the highest yield obtainable by this investment. Investors typically invest with CFS with funds from the sale of stocks, savings and money market transfers, family and children trusts and qualified retirement plans.

COLLECTIONS/DEFAULT

CFS as the Creditor maintains all correspondence with the contract Debtor. Debtor's are individually invoiced each month, two weeks prior to the due date. Each Debtor has a monthly due date depending on the transaction activation date. The invoice includes the current payment, late fees (if any), and all applicable taxes.

The Debtor is faxed a reminder if payment is not received by day five. The Debtor receives a phone call on day 10, plus is hit with a late fee (varies between 7% and 10% of the monthly payment). Remember the credits realize at approval (through our presentation) that they are "B" and "C" caliber Borrowers and are forever reminded that their pay back history is paramount to the current deal and any future transactions.

If payment has not been received by day 15, the pressure is stepped up. By the 30th day, CFS contacts the Vendor for remarketing, recourse (if any), collateral condition and current value. With 2,500 clients, CFS begins to contact similar users of the collateral for contract assumption possibilities. Assumption is highly possible because of the established equity in the equipment inherit with the short term amortization's. Bankruptcies will not impair our ability to collect, as CFS is the owner of the equipment with a perfected security interest that is guaranteed to be first and foremost. A business bankruptcy does not protect the individuals behind the company. Most bankruptcies are for reorganization and not debt discharge. Naturally, over the years, we have been a Creditor named in a bankruptcy. In all but one case we were reaffirmed, in other words our debt was recognized by the court and continued as a necessary and current debt by court requirements based on our security Agreements and the income producing characteristics of the collateral. The other case required the Debtor to forfeit the collateral. The collateral had twice the value of the outstanding debt.

All during this period Investor payments are maintained. Upon a declared default by CFS, the Investor interest is discontinued and the remaining principle balance is identified and the recovery process continues. All activity is documented in writing along with any verbal correspondence.

1. Collateral recovery is paramount and first.
2. Collateral is quickly remarketed and proceeds are applied against outstanding principle. Any deficiencies are pursued against the guarantors/secondary sources of recovery.
3. In the case of recourse, recourse will immediately become due on the deficient account.

RISK

Risk is relevant to other investments or competition. The stock market has ups and downs, rarely predictable. Don't forget the transaction fees and maintenance. A Certificate of Deposit at your local bank seems to be a safe investment. At four to six percent? The entire principle is locked into a full term with a heavy penalty for early liquidation, often equal to all interest earnings. Bank failures are running 300 to 500 institutions on average per year over the past five years. FDIC insurance is broke. It takes months to recover assets trapped in an insolvent financial institution.

How about second mortgages with an eight to ten percent return? The property is the only collateral, no secondary source of recovery. You must service the first mortgage in a default and pay expenses to maintain your position and liquidation is averaging more than a year at prices lower than the original value. Your principle is at risk for the full term. You also must maintain the property. Seconds are now behind larger senior first liens because of the record refinance era of the early 90's.

Our product is usually generated from our repeat customer base. Additionally, business comes from our historical Vendor relationships with recourse and remarketing often included. The additional collateral percentage or structure is higher than "A" commercial paper. Secondary source of recovery is present on every deal. Fire and theft insurance is maintained on every deal. Monthly contact is maintained through the receivable process. CFS recourse is available in some cases depending on the industry and level of financial discovery.

Currently all our Investors come through the referral network. In other words all Investors are connected and knowledgeable of other Investors. We produce annual news letters and other items of interest to reassure all Investors as to the overall security enjoyed by everyone.

CFS's management, free of fees, of the purchased transaction is inherent on every deal. Proceeds can be managed in a custom private bank account. Since principle is received monthly, the aged paper becomes more valuable. Liquidity is always available because aged paper with a reduced term and equity recovery, plus a current pay history becomes easier to sell. Compounding and reinvesting is easy as Agreements return principle and interest to a common account monthly. A simple two-page assignment transfers the security interest to the Investors.

Agreement yields have not been lower than 14% throughout the nineties, with compounding yields over 20%. Portfolio's managed by CFS can double in value in five years. Full credit presentations are done before a purchase is offered or recommended. The yield return versus the potential risks are high when compared to other investments. CFS carries sufficient reserves in the event of a liquidated loss.

MATERIALS

Upon request we will send you sample documentation of an existing current transactions.

We can send you a credit package on a transaction available for assignment or a sample package on an aged transaction.

We can send you a full financial disclosure on the company and ownership, plus references.

The following reports are included for your benefit with any Present Value Participation.

REPORTS

First is a report outlining normal amortization in a format which reflects the actual yields and separates principle and interest monthly on a declining basis.

As additional transactions are accumulated, we can offer a blended valuation report with a breakdown of monthly and annual cash flows.

We also supply you with an annual accrual, for tax planning and cash flow management all of which are updated with additional acquisitions.

FUTURE

CFS's current philosophy is to maintain its current size. CFS would like to maintain local investor money equal to the anticipated annual roll off, or roughly \$4 to \$6 million. This Private Investor base allows us to maintain a constant ability to make private money available to our clientele, which allows us to continue to have a first class service and product availability to our new and repeat customer base.

DEAL	MONTHS BETWEEN PURCHASES	PURCHASE DATE	INITIAL PAYMENT DATE	PRESENT VALUE	PAYMENT (APR 14%)	INTEREST THRU MATURITY	MATURITY DATE
1	0	09-01-94	10-01-94	\$100,000.00	3,579.88	21,715.92	07-01-97
2	6	04-01-95	05-01-95	25,059.00	879.09	5,441.90	02-01-98
3	5	10-01-95	11-01-95	26,862.00	961.63	5,833.42	08-01-98
4	4	03-01-96	04-01-96	27,195.00	973.55	5,905.70	01-01-99
5	3	07-01-96	08-01-96	25,644.00	918.10	5,571.40	05-01-99
6	3	11-01-96	12-01-96	29,320.00	1,049.62	6,367.08	09-01-99
7	3	03-01-97	04-01-97	33,516.00	1,199.83	7,278.22	01-01-00
8	2	06-01-97	07-01-97	28,410.00	1,028.86	6,241.24	04-01-00
9	3	10-01-97	11-01-97	31,696.00	1,134.68	6,883.12	08-01-00
10	3	02-01-98	03-01-98	32,652.00	1,168.90	7,090.60	12-01-00
11	3	06-01-98	07-01-98	33,740.00	1,207.85	7,326.90	04-01-01
12	3	10-01-98	11-01-98	36,648.00	1,311.95	7,958.30	08-01-01
13	3	02-01-99	03-01-99	36,375.00	1,302.18	7,899.12	12-01-01
14	4	07-01-99	08-01-99	36,434.00	1,304.29	7,911.86	05-01-02
15	2	11-01-99	11-01-99	28,451.00	1,018.51	6,178.34	08-01-02
TOTALS				532,002.00	19,039.06	115,603.12	
AVERAGES				35,466	1,269.26	7,706.89	34 Months

Interest earned per the example is based on the demonstrated purchasing frequency or \$90,299 through year ending #5. The yearly average is \$18,060 or a compounded return of 18% against original investment.

Average annual exposure on working original principle is \$82,267 versus \$18,060 interest earned, equals a yield of 22%.

Average purchase size based on the example is \$35,466.

Additional annual average interest of \$355 or 2% on \$17,733 based on current savings rates, for a 5 year total of \$1,775, are not included in valuation assumptions.

#	YEAR	ANNUAL INTEREST	INTEREST GROWTH
1	1995	\$13,730	13.7%
2	1996	\$15,853	29.6%
3	1997	\$18,113	47.7%
4	1998	\$20,590	68.3%
5	1999	\$22,013	90.3%
ROLLOFF (ASSUMES NO NEW PURCHASES)			
6	2000	\$15,635	105.9%
7	2001	\$ 5,618	111.6%
8	2002	\$ 634	112.2%

EXHIBIT 2

Guaranty dated 4-28-98

**GUARANTY
AGREEMENT**

WITNESSETH:

Whereas, Ronald Simkins, as Individual or inclusive in any other denomination hereinafter called "Assignee", and Cornerstone Financial Services and David R. Stone joint, several and collectively responsible, hereinafter called "Assignor" and Assignee enter into an Agreement whereby Assignee purchases from Assignor certain individual, stand alone, Present Value Contracts, further known as Participation and Security Agreements "Contracts" which Assignor offers for sale to the private market place and provides Contracts for purchase after a full review by Assignee at their current market value based on the prevailing rate, and

Whereas, Assignor, as a condition precedent to entering into said Contracts agrees to unconditionally guaranty against a financial setback of any kind by Assignee beyond the receipt monthly of the amortized payment stream or proceeds or monies due and to become due to Assignee from Assignor as manager of the Contracts. Assignee shall not rely solely on the performance of the Debtor's evident in each Contract and the promises and covenants contained therein for a full repayment of the monies due Assignee. Assignor's guaranty will not be limited to but provide additional security in the form of all business assets and personal assets now owned and hereafter, acquired as a secondary form of recovery in the event that the primary security in each Contract is not sufficient based on the original terms and conditions to fully discharge the monies due or to become due to Assignee in the aggregate.

Now therefore, Assignor, unconditionally guarantee's and promises to pay to Assignee and to perform, on demand, all of the Obligations, as provided for herein, together with the warrants and representations expressed and implied in the individual Contracts, provided however, that this Agreement is incorporated into and made a part of each qualified Contract. Incorporation will reference in each qualified Contract this 'executed Agreement by name and date of entry. This Agreement shall not apply to any obligation arising under any Contract purchased by Assignee whereby this Agreement has not been incorporated in and made apart thereof. For purposes of this Agreement the term "Obligations" is used in its most comprehensive sense and includes each and every payment or other Obligation of the Contract. The term includes voluntary and involuntary Obligations, however arising, whether the Assignor is liable professionally or individually or jointly with others, whether enforcement against Assignor may be barred by a statute of limitations or whether such Obligations may be enforceable against Assignor for any other reason.

The liabilities of Assignor hereunder are joint and several and separate and independent of the Obligations of the various Contracts, and a separate action may be brought against Assignor and Assignor waives the benefit of any statute of limitations affecting its liability hereunder or the enforcement thereof.

Assignor waives any defense by reason of any disability or other defense of Assignor or by reason of the cessation from any cause whatsoever of the liability of the Assignor. Until all Obligations shall have been paid and performed in full, Assignor shall have no right of subrogation and waives any right to enforce any remedy which Assignee now has or may hereafter have against Assignor and further any rights, title or interest in any Contract and any benefit of, and any right to participate in, any security now or hereafter held by Assignee for the Obligations. Assignee may foreclose in any manner allowed by law, any asset of Assignor, however implied, securing any of the Obligations, and Assignor shall continue to remain liable for all Obligations notwithstanding that such foreclosure may not discharge fully the Obligation due Assignee or diminish Assignee's rights against Assignor. Assignor waives all presentments, demands and performance, notices of non performance, protests, notices of protests, notices of dishonor, notices of acceptance of any other notices as to this Guaranty of the Obligations.

In addition to all liens upon, and rights of setoff against, the monies, securities or to the assets of Assignor given to Assignee by law, Assignee shall have a lien upon and a right to setoff against all monies, securities and other property of Assignor now or hereafter in the possession of or on deposit with Assignee, whether held in a general or special account or deposit, or for safekeeping or otherwise, and every such lien and right to setoff may be exercised without demand upon or notice to Assignor. No lien, right of setoff or other right or remedy in connection with this Agreement shall be deemed to have been waived by any act or conduct on the part of the Assignee or by any neglect to exercise such right of setoff or other right or remedy under this Agreement shall continue in full force and effect until such right of setoff, lien or other right or remedy is specifically waived or released by an instrument in writing executed by Assignee.

Assignor agrees to pay reasonable attorneys' fees and all other costs and expenses which may be incurred by Assignee in the enforcement of this Agreement.

any notice to be given in connection herewith by either party to the other may be effected by personal delivery in writing or by registered or certified mail, United States mail postage prepaid, return receipt requested, and shall be deemed communicated as of mailing. Mailed notices shall be addressed as set forth below, but each party may change its address by written notice in accordance with this paragraph.

This Agreement shall be governed by California law. Venue for any action related to this Agreement shall be in an appropriate court in the appropriate County of California selected by Assignee to which Assignor hereby consents or in another court having jurisdiction over the parties selected by Assignee.

This Agreement, when entered into, shall have a retroactive effect so as to joint and severally include and cover all prior, current and future executed Contracts, now in full force and effect or to become in full force and effect, as to wholly and fully bind said Contracts with the promises, terms, conditions and covenants expressed herein.

ASSIGNOR ACKNOWLEDGE THAT VARIOUS LEGAL RIGHTS ASSIGNOR MIGHT OTHERWISE HAVE ARE WAIVED UNDER THIS AGREEMENT. ASSIGNOR HAS READ THIS AGREEMENT AND WARRANTS THAT SUCH WAIVERS AND THEIR IMPLICATIONS ARE UNDERSTOOD.

In witness thereof the undersigned Assignor's have executed this Agreement this 28th day of APRIL 1998.

ASSIGNOR:
Cornerstone Financial Services, Principal

ASSIGNOR:
David R. Stone, Individual

David R. Stone
David R. Stone, Principal

David R. Stone
David R. Stone, Individual

EXHIBIT 3

1996 Agreement

AGREEMENT

On MAY 14, 1996 Cornerstone Financial Services (CFS) enters into the following AGREEMENT with Harry & Janet Simkins (INVESTOR). This agreement shall encompass current proceeds received, any and all future proceeds advanced by Investor, proceeds of proceeds plus interest accrued (Proceeds). CFS shall maintain all Proceeds in a CFS holding account (Account) for the benefit of the Investor. Proceeds shall accrue and become due on maturity which is demand.

CFS has agreed to hold Investor's Proceeds in a fashion which readily avails the Proceeds for the Investor upon demand or for present value purchase investment opportunities which are offered by CFS. All Proceeds in receipt shall bear interest at the rate of 5% (five-percent) annual simple interest, accredited on the basis of a daily equivalent, adjusted quarterly relative to principle balance. Should Investor request a return of any percentage of Proceeds from the Account then CFS shall accommodate such request with the return by a CFS check, the Proceeds within seven (7) calendar days. Investor may make two (2) such request per calendar year other than present value purchases.

Read, signed and agreed;

DATED: 5-14-96

Cornerstone Financial Services

BY: David R. Stone
David R. Stone
TITLE: Principal

DATED: 5/14/96

INVESTOR: Harry & Janet Simkins

BY: Harry Simkins
BY: Janet Simkins

EXHIBIT 4

1997 Check for \$100K

HARRY R SIMKINS ET AL TTEE
THE SIMKINS FAMILY TRUST
U/A 03/26/97

FIDELITY CASH RESERVES

DATE

1/22/97

80-568/1012

1012

PAY TO THE ORDER OF Cornerstone Financial \$ 100,000.00
One Hundred Thousand and 00/100 DOLLARS

Fidelity Investments
UNITED MISSOURI BANK
WARSAW, MO.

FOR

Harry R Simkins

⑆ 0 0 20568 ⑆ 0 0 1 2 ⑈

© 1997 FIDELITY

Received 1-22-98 by
Dawn Stacy - Cornerstone Financial
DStacy

EXHIBIT 5

\$250,000 Note, with EFA list and 3 checks

DO NOT DESTROY THIS NOTE: When paid, this note with Equipment Finance Agreements Schedule "A" attached, securing same, must be surrendered to Beneficiary upon maturity.

NOTE SECURED BY EFA Schedule "A" attached.
10% (Ten Percent) Annual Interest Only, Paid Quarterly

\$250,000

San Rafael, California

July 15, 2006

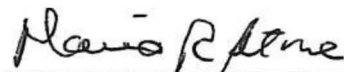
FOR VALUE RECEIVED and in accordance with the terms and conditions as stated herein, the undersigned, David R. Stone, d.b.a. Cornerstone Financial Services (CFS) promises to pay to Simkins Family Trust (Beneficiary), simple annual interest only, paid quarterly, at the annual rate of ten (10%) percent with all principle due on maturity. Sum Principle shall become due and payable three (3) years from Note inception, unless mutually renewed. Inception shall be the date incorporated herein.

This NOTE is further secured with the attachment Schedule "B" of that certain previous note (Guaranty Agreement) entered into on or about April 28, 1998 and re-executed with the date herein and all of its continuing guarantee's written, expressed or implied. The Schedule "A" attachment shall represent a present value of multiple transactions equal to \$250,000 or greater on the date of inception. All transactions attached shall contain monthly level payment amortizations payable to and received by CFS.

CFS, at their discretion only, shall adjust quarterly the Schedule "A" attachment with supplemental additional transactions to maintain a present value security of not less than \$250,000 through maturity. CFS shall exercise care that all attached transaction shall contain a level of quality experienced by Beneficiary based on historical representations to date. Beneficiary shall receive a comprehensive Schedule "A" of transactions attached upon inception and at any future point upon request through maturity.

THIS NOTE PAYS INTEREST ONLY, QUARTERLY, IN THE AMOUNT OF \$6,250. ANNUAL ACCUMILTIVE PAYMENTS RECEIVED SHALL EQUAL \$25,000 (TWENTY FIVE THOUSAND) BASED ON TEN PERCENT (10%) ANNUALIZED INTEREST THROUGH MATURITY. MATURITY IS JULY 15, 2009.

This Note is an integral part of the overall security. Any violation as to the terms and conditions of this Note is grounds for default by Beneficiary or it's assigns and with all legal remedies available to Beneficiary. The prevailing party in any action shall be entitled to the recovery of all costs, including attorney's fees.



David R. Stone d.b.a.
Cornerstone Financial Services


Simkins Family Trust, Beneficiary


**Equipment Finance Agreement Schedule "A" attached to that certain
Note dated July 15, 2006 by David R. Stone d.b.a.
Cornerstone Financial Services and the Simkins Family Trust**

	Date	Transaction	Present Value
1	07-15-2006	David Mendoza d.b.a. Mendoza Trucking	50,788.90
2	07-15-2006	Rajinder Davegun d.b.a. A & J Transport	68,031.12
3	07-15-2006	Terrance Martin, Individual	37,314.15
4	07-15-2006	Floyd J. Salazar, Individual	58,728.39
5	07-15-2006	Jose Luis Vargas d.b.a. JLV Trucking	40,041.20
Total			254,903.76

**This Schedule "A" attached, adjusted quarterly through maturity and equal
to not less than \$250,000.00 in present value.**

JANET SIMKINS [REDACTED]		Foresters Investing • Sharing • Inspiring	101
		Date <u>7-13-06</u>	5-2/110
Pay to the order of	<u>Cornerstone Financial</u>	\$ <u>77,000⁰⁰</u>	Security Features Details on Back
	<u>Seventy Seven Thousand & no/100</u>	Dollars	
FORESTER/BENEFICIARY ACCOUNT PAYABLE THROUGH STATE STREET BANK AND TRUST COMPANY BOSTON, MA 02107			
For		<u>Janet Hope Simkins</u>	MP
⑆011000028⑆0101 [REDACTED]			

© Harland

JANET H SIMKINS TTEE JANET H SIMKINS SURVIVOR'S TR		1002	
		Date <u>7-13-06</u>	80-568/1012
Pay to the Order of	<u>Cornerstone Financial</u>	\$ <u>100,000⁰⁰</u>	Security Features Details on Back
	<u>One Hundred Thousand & no/100</u>	Dollars	
EXPENSE CODE	 Fidelity Investments	United Missouri Bank Warsaw, Missouri	
For		<u>Janet H. Simkins</u>	MP
⑆10120568⑆1002⑆ [REDACTED]			

© HARLAND 2000


JANET HOPE SIMKINS TTEE [REDACTED]		Beyond Banking®	356
		DATE <u>7-13-06</u>	25-80/440
PAY TO THE ORDER OF	<u>Cornerstone Financial</u>	\$ <u>73,000⁰⁰</u>	Security Features Details on Back
	<u>Seventy Three Thousand & no/100</u>	DOLLARS	
	 Merrill Lynch		
	Bank One, NA Columbus, Ohio 43271		
MEMO		<u>Janet Hope Simkins</u>	MP
⑆044000804⑆ [REDACTED] 0356			

EXHIBIT 6

2006 Guaranty

**GUARANTY
AGREEMENT**

WITNESSETH:

Whereas, Ronald Simkins, as Individual or inclusive in any other denomination and now known as Simkins Family Trust (originally executed April 28, 1998) hereinafter called "Assignee", and Cornerstone Financial Services and David R. Stone joint, several and collectively responsible, hereinafter called "Assignor" and Assignee enter into an Agreement whereby Assignee purchases from Assignor certain individual, stand alone, Present Value Contracts, further known as Participation and Security Agreements "Contracts" which Assignor offers for sale to the private market place and provides Contracts for purchase after a full review by Assignee at their current market value based on the prevailing rate, and

Whereas, Assignor, as a condition precedent to entering into said Contracts agrees to unconditionally guaranty against a financial setback of any kind by Assignee beyond the receipt monthly of the amortized payment stream or proceeds or monies due and to become due to Assignee from Assignor as manager of the Contracts. Assignee shall not rely solely on the performance of the Debtor's evident in each Contract and the promises and covenants contained therein for a full repayment of the monies due Assignee. Assignor's guarantee will not be limited to but provide additional security in the form of all business assets and personal assets now owned and hereafter acquired as a secondary form of recovery in the event that the primary security in each Contract is not sufficient based on the original terms and conditions to fully discharge the monies due or to become due to Assignee in the aggregate.

Now therefore, Assignor, unconditionally guarantee's and promises to pay to Assignee and to perform, on demand, all of the Obligations, as provided for herein, together with the warrants and representations expressed and implied in the individual Contracts, provided however, that this Agreement is incorporated into and made a part of each qualified Contract. Incorporation will reference in each qualified Contract this executed Agreement by name and date of entry. This Agreement shall not apply to any obligation arising under any Contract purchased by Assignee whereby this Agreement has not been incorporated in and made apart thereof. For purposes of this Agreement the term "Obligations" is used in its most comprehensive sense and includes each and every payment or other Obligation of the Contract. The term includes voluntary and involuntary Obligations, however arising, whether the Assignor is liable professionally or individually or jointly with others, whether enforcement against Assignor may be barred by a statute of limitations or whether such Obligations may be enforceable against Assignor for any other reason.

The liabilities of Assignor hereunder are joint and several and separate and independent of the Obligations of the various Contracts, and a separate action may be brought against Assignor and Assignor waives the benefit of any statute of limitations affecting its liability hereunder or the enforcement thereof.

Assignor waives any defense by reason of any disability or other defense of Assignor or by reason of the cessation from any cause whatsoever of the liability of the Assignor. Until all Obligations shall have been paid and performed in full, Assignor shall have no right of subrogation and waives any right to enforce any remedy which Assignee now has or may hereafter have against Assignor and further any rights, title or interest in any Contract and any benefit of, and any right to participate in, any security now or hereafter held by Assignee for the Obligations. Assignee may foreclose in any manner allowed by law, any asset of Assignor, however implied, securing any of the Obligations, and Assignor shall continue to remain liable for all Obligations notwithstanding that such foreclosure may not discharge fully the Obligation due Assignee or diminish Assignee's rights against Assignor. Assignor waives all presentments, demands and performance, notices of non performance, protests, notices of protests, notices of dishonor, notices of acceptance of any other notices as to this Guaranty of the Obligations.

In addition to all liens upon, and rights of setoff against, the monies, securities or to the assets of Assignor given to Assignee by law, Assignee shall have a lien upon and a right to setoff against all monies, securities and other property of Assignor now or hereafter in the possession of or on deposit with Assignee, whether held in a general or special account or deposit, or for safekeeping or otherwise, and every such lien and right to setoff may be exercised without demand upon or notice to Assignor. No lien, right of setoff or other right or remedy in connection with this Agreement shall be deemed to have been waived by any act or conduct on the part of the Assignee or by any neglect to exercise such right of setoff or other right or remedy under this Agreement shall continue in full force and effect until such right of setoff, lien or other right or remedy is specifically waived or released by an instrument in writing executed by Assignee.

Assignor agrees to pay reasonable attorneys' fees and all other costs and expenses which may be incurred by Assignee in the enforcement of this Agreement.

Any notice to be given in connection herewith by either party to the other may be effected by personal delivery in writing or by registered or certified mail, United States mail postage prepaid, return receipt requested, and shall be deemed communicated as of mailing. Mailed notices shall be addressed as set forth below, but each party may change its address by written notice in accordance with this paragraph.

This Agreement shall be governed by California law. Venue for any action related to this Agreement shall be in an appropriate court in the appropriate County of California selected by Assignee to which Assignor hereby consents or in another court having jurisdiction over the parties selected by Assignee.

This Agreement, when entered into, shall have a retroactive effect so as to jointly and severally include and cover all prior, current and future executed Contracts, now in full force and effect or to become in full force and effect, as to wholly and fully bind said Contracts with the promises, terms, conditions and covenants expressed herein.

ASSIGNOR ACKNOWLEDGE THAT VARIOUS LEGAL RIGHTS ASSIGNOR MIGHT OTHERWISE HAVE ARE WAIVED UNDER THIS AGREEMENT. ASSIGNOR HAS READ THIS AGREEMENT AND WARRANTS THAT SUCH WAIVERS AND THEIR IMPLICATIONS ARE UNDERSTOOD.

In witness thereof the undersigned Assignor's have executed this Agreement this 15 day of July, 2006.

ASSIGNOR:
Cornerstone Financial Services, Principal



David R. Stone, Principal

ASSIGNOR:
David R. Stone, Individual



David R. Stone, Individual

EXHIBIT 7
2008 Note with EFA List
& \$100K check

DO NOT DESTROY THIS NOTE: When paid, this note with Equipment Finance Agreements Schedule "A" attached, securing same, must be surrendered to Beneficiary upon maturity.

NOTE SECURED BY EFA Schedule "A" attached.
10% (Ten Percent) Annual Interest Only, Paid Quarterly

\$350,000

San Rafael, California

July 1, 2008

This note replaces that original note dated July 15, 2006.

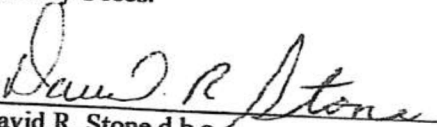
FOR VALUE RECEIVED and in accordance with the terms and conditions as stated herein, the undersigned, David R. Stone, d.b.a. Cornerstone Financial Services (CFS) promises to pay to Simkins Family Trust (Beneficiary), simple annual interest only, paid quarterly, at the annual rate of ten (10%) percent with all principle due on maturity. Sum Principle shall become due and payable one (1) year from Note inception, unless mutually renewed. Inception shall be the date incorporated herein.

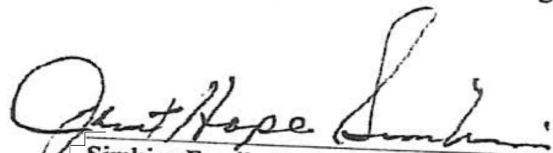
This NOTE is further secured with the attachment Schedule "B" of that certain previous note (Guaranty Agreement) entered into on or about April 28, 1998 and re-executed on July 15, 2006 and all of its continuing guarantee's written, expressed or implied. The Schedule "A" attachment shall represent a present value of multiple transactions equal to \$350,000 or greater on the date of inception. All transactions attached shall contain monthly level payment amortizations payable to and received by CFS.

CFS, at their discretion only, shall adjust quarterly the Schedule "A" attachment with supplemental additional transactions to maintain a present value security of not less than \$350,000 through maturity. CFS shall exercise care that all attached transaction shall contain a level of quality experienced by Beneficiary based on historical representations to date. Beneficiary shall receive a comprehensive Schedule "A" of transactions attached upon inception and at any future point upon request through maturity.

THIS NOTE PAYS INTEREST ONLY, QUARTERLY, IN THE AMOUNT OF \$8,750.00. ANNUAL ACCUMILTIVE PAYMENTS RECEIVED SHALL EQUAL \$35,000 (THIRTY FIVE THOUSAND) BASED ON TEN PERCENT (10%) ANNUALIZED INTEREST THROUGH MATURITY. MATURITY IS JULY 1, 2009.

This Note is an integral part of the overall security. Any violation as to the terms and conditions of this Note is grounds for default by Beneficiary or it's assigns and with all legal remedies available to Beneficiary. The prevailing party in any action shall be entitled to the recovery of all costs, including attorney's fees.


David R. Stone d.b.a.
Cornerstone Financial Services


Simkins Family Trust, Beneficiary

**Equipment Finance Agreement Schedule "A" attached to that certain
Note dated July 1, 2008 by David R. Stone d.b.a.
Cornerstone Financial Services and the Simkins Family Trust**

	Date	Transaction	Present Value
1	07-01-2008	David Mendoza d.b.a. Mendoza Trucking	19,098.00
2	07-01-2008	Rajinder Davegun d.b.a. A & J Transport	25,581.00
3	07-01-2008	Terrance Martin, Individual	12,405.00
4	07-01-2008	Floyd J. Salazar, Individual	23,256.00
5	07-01-2008	Jose Luis Vargas d.b.a. JLV Trucking	9,093.00
6	07-01-2008	Gary Wolf, Individual	40,351.00
7	07-01-2008	Andres Navarro, Individual	25,993.00
8	07-01-2008	Harold McPhetridge, Individual	27,166.00
9	07-01-2008	Gino Hardin, Individual	29,443.00
10	07-01-2008	Domingo Calderon, Individual	45,322.00
11	07-01-2008	Pedro Ayala, Individual	44,193.00
12	07-01-2008	Debra Giles, Individual	26,283.00
13	07-01-2008	Jorge Bruno, Individual	38,482.00
Total			366,666.00


**This Schedule "A" attached, adjusted quarterly through maturity and equal
to not less than \$350,000.00 in present value.**

JANET H SIMKINS TTEE
JANET H SIMKINS SURVIVOR'S TR

1003
80-568/1012

Date 6-27-03

Pay to the Order of Cornerstone Financial \$ 100,000.⁰⁰
One Hundred Thousand & no/100 ————— Dollars

EXPENSE CODE  **Fidelity Investments** United Missouri Bank
Kansas, Missouri

For Janet H. Simkins MP

⑆ 10 1 20568 1⑆ 1003 ⑈ [REDACTED]

© HARLAND 2000

EXHIBIT 8

2021 Note with EFA List

DO NOT DESTROY THIS NOTE: When paid, this note with Equipment Finance Agreements Schedule "A" attached, securing same, must be surrendered to Beneficiary upon maturity.

**NOTE SECURED BY EFA Schedule "A" attached.
10% (Ten Percent) Annual Interest Only, Paid Monthly**

\$350,000

San Rafael, California

July 1, 2021

FOR VALUE RECEIVED and in accordance with the terms and conditions as stated herein, the undersigned, David R. Stone, d.b.a. Cornerstone Financial Services (CFS) promises to pay to Janet Hope Simkins, Trustee, of the Janet Hope Simkins Survivor's Trust dated December 8, 2003 (Beneficiary), simple annual interest only, paid monthly, at the annual rate of ten (10%) percent with all Principal due on maturity. Sum Principal shall become due and payable three (3) years from Note inception, unless mutually renewed. Inception shall be the date incorporated herein.

This NOTE is further secured with the attachment Schedule "B" of that certain previous note (Guaranty Agreement) entered into on or about April 28, 1998 and re-executed on July 15, 2006 and all of its continuing guarantee's written, expressed or implied. The Schedule "A" attachment shall represent a present value of multiple transactions equal to \$350,000 or greater on the date of inception. All transactions attached shall contain monthly level payment amortizations payable to and received by CFS.

CFS, at their discretion only, shall adjust quarterly the Schedule "A" attachment with supplemental additional transactions to maintain a present value security of not less than \$350,000 through maturity. CFS shall exercise care that all attached transaction shall contain a level of quality experienced by Beneficiary based on historical representations to date. Beneficiary shall receive a comprehensive Schedule "A" of transactions attached upon inception and at any future point upon request through maturity.

THIS NOTE PAYS INTEREST ONLY, MONTHLY, IN THE AMOUNT OF \$2,916.67. ANNUAL ACCUMILTIVE PAYMENTS RECEIVED SHALL EQUAL \$35,000 (THIRTY-FIVE THOUSAND) BASED ON TEN-PERCENT (10%) ANNUALIZED INTEREST THROUGH MATURITY. MATURITY IS JULY 1, 2024.

This Note is an integral part of the overall security. Any violation as to the terms and conditions of this Note is grounds for default by Beneficiary or it's assigns and with all legal remedies available to Beneficiary. The prevailing party in any action shall be entitled to the recovery of all costs, including attorney's fees.


David R Stone (Sep 14, 2021 11:39 PDT)

David R. Stone d.b.a.
Cornerstone Financial Services


Janet Hope Simkins (Jul 20, 2021 16:12 PDT)

Janet Hope Simkins, Trustee, Janet Hope
Simkins Survivor's Trust dated December 8, 2003

**Equipment Finance Agreement Schedule "A" attached to that certain
Note dated July 1, 2021 between David R. Stone d.b.a. Cornerstone Financial Services and the
Janet Hope Simkins Survivor's Trust dated December 8, 2003**

	DEBTOR NAME	PRESENT VALUE
1	Dayron Rodriguez	59,063.38
2	Luis Robles	66,949.02
3	Corey Dorsett	40,226.62
4	Juan Garcia	73,594.40
5	Clint Jones	59,760.46
6	Luis Oliva Cabrera	63,006.20
TOTAL		362,600.08

**This Schedule "A" attached, adjusted quarterly through maturity and equal
to not less than \$350,000.00 in present value.**

EXHIBIT 9

2024 Note with EFA List

NOTE SECURED BY EFA Schedule "A" attached.
12% Annual Interest Only, Paid Monthly

\$200,000

San Rafael, California

November 8, 2024

FOR VALUE RECEIVED and in accordance with the terms and conditions as stated herein, the undersigned, David R. Stone, d.b.a. Cornerstone Financial Services (CFS) promises to pay to Janet Hope Simkins, Trustee, of the Janet Hope Simkins Survivor's Trust dated December 8, 2003 (Beneficiary), simple annual interest only, paid monthly, at the annual rate of twelve (12%) percent with all Principal due on maturity. Sum Principal shall become due and payable three (3) years from Note inception, unless mutually renewed. Inception shall be the date incorporated herein.

This Note is further secured with the attachment Schedule "B" of that certain previous note (Guaranty Agreement) entered into on or about April 28, 1998 and re-executed on July 15, 2006 and all of its continuing guarantee's written, expressed or implied. The Schedule "A" attachment shall represent a sum of the payment value of multiple transactions equal to \$200,000 or greater on the date of inception. All transactions attached shall contain monthly level payment amortizations payable to and received by CFS.

CFS, at their discretion only, shall adjust quarterly the Schedule "A" attachment with supplemental additional transactions to maintain a sum of the payments value security of not less than \$200,000 through maturity. CFS shall exercise care that all attached transaction shall contain a level of quality experienced by Beneficiary based on historical representations to date. Beneficiary shall receive a comprehensive Schedule "A" of transactions attached upon inception and at any future point upon request through maturity.

THIS NOTE PAYS INTEREST ONLY, MONTHLY, IN THE AMOUNT OF \$2,000.00. ANNUAL ACCUMILTIVE PAYMENTS RECEIVED SHALL EQUAL \$24,000 (TWENTY-FOUR THOUSAND DOLLARS AND 00/100) BASED ON TWELVE-PERCENT (12%) ANNUALIZED INTEREST THROUGH MATURITY. MATURITY IS NOVEMBER 8, 2027.

This Note is an integral part of the overall security. Any violation as to the terms and conditions of this Note is grounds for default by Beneficiary or it's assigns and with all legal remedies available to Beneficiary. The prevailing party in any action shall be entitled to the recovery of all costs, including attorney's fees.

David R. Stone

David R. Stone (Nov 14, 2024 16:14 PST)

David R. Stone d.b.a.
Cornerstone Financial Services

Janet Simkins

Janet Simkins (Nov 12, 2024 09:07 PST)

Janet Hope Simkins, Trustee, Janet Hope
Simkins Survivor's Trust dated December 8, 2003

By my signature below I authorize CFS to deduct \$200,000 from my BNY - Mellon acct ending in [REDACTED] on or after November 8, 2024.

Janet Simkins

Janet Simkins (Nov 12, 2024 09:07 PST)

Janet Hope Simkins

Equipment Finance Agreement Schedule "A" attached to that certain
Note dated November 8, 2024 between David R. Stone d.b.a. Cornerstone Financial Services and the
Janet Hope Simkins Survivor's Trust dated December 8, 2003

	DEBTOR NAME	PRESENT VALUE
1	Lively, Romero A. and Lively, Cherie B.	56,020.75
2	Jenkins, Darrius L.	65,444.81
3	Rodriguez, Jaime	63,495.83
4	Rodriguez, Victor A.	50,599.31
	TOTAL	235,560.70

EXHIBIT 10

Newsletter - Year End 1995

CORNERSTONE FINANCIAL SERVICES

777 Grand Ave., Ste. 206; San Rafael, CA 94901

415-459-6540 / Fax 459-8215

Newsletter
Year End 1995

As we near another years end we're proud to report again a 100% return, and on time, of all contracted proceeds to all Investor's. We hope your faith in our company to handle your investment dollars for this unique opportunity has met your expectations. Millions in Investor capital was placed in new Agreements in 95' with many Investors coming on board for the first time.

F.Y.I.**Bankruptcy; It's not what it seems . . .**

A few things about bankruptcy relative to our business and industry. First of all bankruptcy is a fact of life and is easy for a Debtor to deliberate as an option. Bankruptcy is taken into consideration by CFS during the underwriting process on all transactions. This is why we generally prefer income producing collateral along with required additional collateral. Rarely will a company give up on revenue generating collateral. It is inherent in our marketing concept to pursue revenue producers when structure versus balance sheet lending is considered. As a generally secured Senior Lender with heavy additional collateral of the income producing type we might welcome or initiate bankruptcy.

Most bankruptcy filings by Debtor's are for reorganization. Traditionally Landlord's, Senior and specific Secured Lender's debts are reaffirmed through the debtor in possession process, according to their original terms and conditions. Real relief to the Debtor comes from the area of unsecured creditors where they are required to take sometimes huge discounts and workouts on their outstanding receivables. All bankruptcies where we have been named as a Secured Creditor to date throughout our history has resulted in the complete recovery of all outstanding proceeds due with very little workout relative to the original terms and conditions. Bankruptcy by the Debtor does not protect the secondary source of repayment, the individuals who own the business inherit on the large majority of our transactions. They would represent a path of recovery for any shortfall.

Early Payoffs

Some of you may have experienced an early payoff on one of your contracts this past year. Each contract has its own intangibles. When people are involved, changes can occur before the contract reaches normal maturity. Acceptable reasons in the interest of

all parties to allow early payoffs are; the acquisition by another company, replacement of non performing collateral, sale of the collateral under the element of duress, adverse material change such as a pending divorce, breakup of key share holders or contemplated bankruptcy. When duress and adverse change are present the payoff is initiated by us.

Pensco Pension Services

For those of you who have not yet taken advantage of our relationship with Pensco Pension Services of San Francisco, as a self directed custodian for your IRA, please feel free to contact us for full details.

Essentially, you can invest in CFS products with your IRA capital and experience our high yields, tax free, until retirement disbursement. The transfer entails a small set up fee and then an annual charge of 3/10ths (three-tenths) of one percent of the account equity. This is one of the smallest management fees in the business. Of course our annual management fee of zero dollars remains the leader.

CFS Holding Accounts

With the prime rate stabilizing at 8.75% in an election year, C.D.'s, Treasuries etc. will continue to offer yields averaging 5 to 6 percent, with tax free investments near 4 percent.

Give our Holding Account a try this year. It preferences purchase equity for the next available investment which best represents the criteria to your existing portfolio. This allows a simultaneous purchase of a new transaction to maximize yield from day one. The Holding Account pays 5% simple interest, credited quarterly, while the equity is idle. During times when investor demand is greater than the supply, which happened often during 95', the Holding Account is the first source considered for purchase capital.

Feel free to contact us at your leisure to discuss all concepts that can enhance your Investment Account, Trusts of all types or IRA accounts. We can still say after all these years "No losses or late payments to all Investor's, ever!". We expect the same for 96',

Have a Safe and Happy Holiday Season !!

EXHIBIT 11

2008 Authorization Form



Regular Mail P.O. Box 26903, San Francisco, CA 94126 6903
Overnight 450 Sansome Street, 14th Floor, San Francisco, CA 94111 3306
www.PENSICOTrust.com T 800 969 4472 F 415 956 3016

Route Code: TN10

Account Access Authorization

Terms Defined: The "IRA Owner" and "Solo(k) Participant" is referred to as: "Account Holder"
"IRA" and "Solo(k) Plan" is referred to as: "Account"

For more information about the roles of a Designated Representative or Authorized Interested Party, please refer to either the "Solo(k) Custodial Agreement," Section 3, or the "IRA Owner Agreement and Disclosure Statement," Additional Provisions, Section 1.

1. Account Holder Information

Account Holder First Name *Janet* Middle Last *Hope Simkins* Suffix
Date of Birth *[REDACTED]* Account # *[REDACTED]* Social Security # *[REDACTED]*

2. Designated Representative Information

- ☒ ADD the Designated Representative listed below to my account and replace the current Designated Representative.
☐ REMOVE the Designated Representative listed below from my Account.

Please complete the information below to designate a representative for your Account who, in addition to you (the Account Holder), will have full authority to access the Account information and give PENSICO Trust Company investment and transaction instructions for the Account.

☒ I would like a duplicate statement be mailed to this Designated Representative.

Relationship to
the Account Holder

Firm Name

Contact First Name *Dawn* Middle Last *L. Stanley* Suffix
Address *P.O. Box 3482*
City *San Rafael* State *CA* Zip Code *94912*
Primary Phone # *[REDACTED]* Email Address *dstanley@trucktrailerfinance.com*

3. Authorized Interested Party

- ☐ ADD the Authorized Interested Party listed below to my account and replace the current Authorized Interested Party.
☐ REMOVE the Authorized Interested Party listed below from my Account.

Please complete the information below to authorize an individual as your Authorized Interested Party (AIP). The AIP may access your Account information but has no investment or transaction authority over your Account. By appointing the AIP and signing below, you are agreeing (1) to a modification of your PENSICO Trust custodial agreement to enable you to make this appointment for this purpose, (2) that you will have sole responsibility, and PENSICO Trust will have no responsibility for the selection, retention and actions of the AIP, (3) that the AIP will be your agent, and shall not be, and shall not be treated for any purpose as an employee, agent or affiliate of PENSICO Trust, or as controlled, approved, recommended or endorsed by PENSICO Trust and (4) that you may remove an AIP effective upon PENSICO Trust's receipt of your written notice of removal.

☐ I would like a duplicate statement be mailed to this Authorized Interested Party.

Relationship to
the Account Holder

Firm Name

Contact First Name Middle Last Suffix
Address
City State Zip Code
Primary Phone # Email Address

AUTHORIZED BY:

Janet Hope Simkins
Client Signature - Required

6-27-08
Date

[Signature]
New Designated Representative Signature - Required

6-23-08
Date

EXHIBIT 12

Axume Participation and Security Agreement

PARTICIPATION AND SECURITY AGREEMENT

For value received in the amount of \$66,753.70 receipt of which is hereby acknowledged, the undersigned Cornerstone Financial Services ("Assignor") hereby assigns, transfers and sets over to Pacific Premier Trust Custodian FBO Janet Simkins IRA ("Assignee") a divided participation ("Participation") in all remaining full rental payments ("Proceeds") now due and/or hereafter to become due to Assignor from (a) Abel A. Ramos Axume, Commercial Operator the ("Lessee") pursuant to the Equipment Lease Agreement dated January 25, 2024 activated March 20th, 2024 ("ELA") between Assignor as Lessor and Borrower as Lessee and (b) any guarantor(s) of the ELA. Proceeds shall not include any payments to Assignor prior to this assignment or from Lessee for any extension or renewal of the ELA or any purchase of the leased equipment. The Beneficiary/Investor understands that Assignor will be the sole lienholder on the title(s) and will not be transferred to the beneficiary. Beneficiary has authorized the Assignor to hold the original title(s) at their place of business.

The participation is equal to ten-percent (10%) simple interest fixed with quarterly interest disbursements through maturity.

1	Interest	07/28/2024	\$1,668.84
2	Interest	10/28/2024	\$1,668.84
3	Interest	01/28/2025	\$1,668.84
4	Interest	04/28/2025	\$1,668.84
5	Interest	07/28/2025	\$1,668.84
6	Interest	10/28/2025	\$1,668.84
7	Interest	01/28/2026	\$1,668.84
8	Interest	04/28/2026	\$1,668.84
9	Interest	07/28/2026	\$1,668.84
10	Interest	10/28/2026	\$1,668.84
11	Interest	01/28/2027	\$1,668.84
12	Interest	04/28/2027	\$1,668.84
13	Interest	07/28/2027	\$1,668.84
14	Interest	10/28/2027	\$1,668.84
15	Interest	01/28/2028	\$1,668.84
16	Principal	01/28/2028	\$66,753.70

Assignee shall have no right to collect the Proceeds and only Assignor shall be authorized to service the ELA and collect the Proceeds. Late charges, if any, will be the sole possession of the Assignor.

Assignor shall exercise the same care in servicing the ELA and collecting the Proceeds as it exercises for the other EFA's in its portfolio and shall have no further responsibility to Assignee. Assignor reserves the sole right to enforce the obligations of the Lessee pursuant to the ELA and may, in its sole and absolute discretion and without notice to or the consent of Assignee, modify the terms of the ELA (other than terms of payment) or exercise or refrain from exercising any powers or rights it may have under the ELA. Earned interest accumulation discontinues on any subsequent prepayment of all outstanding ELA proceeds due. Interest and principal recovery are based on an equal interest, equal principal formula.

As security for the performance of all obligations of the Lessee under the ELA, Assignor hereby grants Assignee a security interest in and a lien on all of the Assignor's right, title and interest in the equipment, which is the subject of the ELA and is described in Schedule "A" of the ELA (the "Equipment"). Assignee acknowledges that it has entered into this Agreement following an assessment of the Lessee's financial condition and ability to perform its obligations under the ELA and that Assignor has made no warranty or representation regarding the Lessee's financial condition or ability to perform its obligations under the ELA. Assignee acknowledges that Assignor has made no guaranty of the Lessee's ability to pay all of its obligations under the ELA and that Assignor has no duty to advise Assignee of any changes in the financial condition of the Lessee.

The liability of Assignor hereunder to collect and make payments to the Assignee and to perform all other obligations of Assignor hereunder is not limited solely to the Proceeds. Assignee shall have recourse against all other assets of Assignors, joint and several, in the event that payment of Assignee's share of the Proceeds is not sufficient to discharge fully the liability and obligations of Assignor hereunder. Assignee shall have further rights granted as security more fully explained in that certain Guarantee Agreement between Assignor and Assignee entered into on April 28, 1998 which is now incorporated into and made a part of this Agreement. Assignee shall have recourse to Assignor for any claims arising out of the breach by Assignor of any of its express representations and warranties.

Assignor warrants that the ELA is genuine and represents a valid obligation of a bona fide Lessee; all names, addresses, amounts, dates, signatures and other statements and facts contained therein are true and correct to the best of Assignor's knowledge; the Equipment has been delivered or installed, as applicable, and accepted by Lessee; the ELA and any guaranty in connection therewith are enforceable in accordance with their terms, except as limited by laws generally applicable to Lessor's rights and remedies; the ELA evidences a valid reservation of title to the Equipment effective as against all persons; the ELA complies in all respects with applicable laws and regulations and is and will be free from any liens, setoffs, counterclaims and other defenses. Assignor has properly and timely filed or recorded the ELA as required under all applicable filing and recording statutes. Assignor has the right to assign the ELA, and this Agreement conveys good title to the Participation free of all liens and encumbrances. It is expressly agreed that Assignee shall not have the right to assign, transfer or set over this Agreement and/or the Participation without the prior written approval of Assignor.

Assignor hereby certifies that the ELA constitutes the entire agreement between Assignor and Lessee and that no other assignment or security interest has been or will be granted with respect to the collateral or the monies assigned hereunder.

DATED: 04/15/2024

ASSIGNOR: Cornerstone Financial Services

BY:  David Stone
David Stone (Apr 15, 2024 15:40 PDT)

DATED: _____

ASSIGNEE: Pacific Premier Trust Custodian FBO
Janet H. Simkins IRA

BY: _____

DATED: 04/15/2024

BENEFICIARY/INVESTOR: Janet H. Simkins


BY:  Janet Simkins
Janet Simkins (Apr 17, 2024 12:05 PDT)

EXHIBIT 13

April - June 2025

Pacific Premier Statement

Quarterly Portfolio Statement

Main Document Page 69 of 82



**PACIFIC PREMIER
TRUST**

A Division of Pacific Premier Bank

1801 California Street, Suite 800
Denver, CO 80202

April 1, 2025 - June 30, 2025

Janet Hope Simkins

NOTICES

Withholding on IRA Distributions

The IRS requires that we provide the following notice to individuals who receive distributions from their IRAs:

- The distributions you receive from your IRA are subject to Federal income tax withholding unless you elect not to have withholding apply.
- Your election will remain in effect until you revoke it.
- You may elect not to have withholding apply to your distribution (or you may revoke or change an election) by completing a new Withholding Election Form. You may obtain a Withholding Election Form by going to our website **www.pacificpremiertrust.com** and using the Find a Form link. Please note, however, that withholding is generally required (i.e., you cannot elect out) if you are not a U.S. person, you have not provided us with a residence address, your residence address is outside the United States, or your distribution is to be delivered outside the United States.

Any election not to have withholding apply will be effective only for those distributions made after your election is received by us. Distributions following an election not to have withholding apply may be delayed until the election is processed by us.

Please note that if you elect not to have withholding apply to your distributions, or if you do not have enough federal income tax withheld from your distributions, you may be responsible for payment of estimated tax. You may also incur penalties if your withholding and estimated tax payments are not sufficient. We encourage you to consult with your tax advisor for more information about withholding on your IRA distributions.

Continued on Next Page

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Janet Hope Simkins





Statement Message

Coming Soon: Enhanced Login Security

To provide an extra layer of security for online account access, Pacific Premier Trust will implement Multi-Factor Authentication (MFA) in the coming weeks. MFA reduces the risk of unauthorized access by requiring users to prove their identities using more than one method.

ACTION REQUIRED: To prepare for the upcoming enhancement and ensure a smooth transition, please check your online account to ensure your email address and phone number are up to date. If you need to update your information, please call our Client Services Team at 800.962.4238 Monday through Friday, 7:00 a.m. - 5:00 p.m. MT.

Stay informed! Bookmark our enhancement update page on our website, PacificPremierTrust.com/Enhanced-Login-Security, for more information and answers to Frequently Asked Questions. You may continue to check the page for updates.

Your Dedicated Client Services Team:

Retail Premier Services 800.962.4238

Accounts Included In This Statement



Janet Hope Simkins

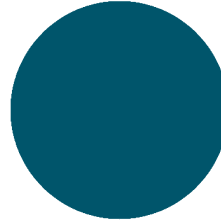


Account Overview - Janet Hope Simkins

Account Type: Traditional IRA

Asset Allocation on June 30, 2025

	Market Value (\$)	Percent
Cash and Equivalents	8,351.10	100%
Account Total	\$8,351.10	100%



Liabilities may include negative portfolio balances, negative net cash balances, promissory notes, loans or other miscellaneous debt obligations of the account.

Activity Summary

	This Period	Year to Date
Beginning Market Value	550,986.11	549,919.52
Additions	0.00	0.00
Withdrawals	0.00	0.00
Income & Capital Gain Distributions	0.21	1,529.24
Fees	-433.24	-895.68
Cash & Security Transfers	0.00	0.00
Investment Activity	0.00	0.00
Realized Gain/Loss	0.00	0.00
Cost Adjustments	0.00	0.00
Change in Value	-542,201.98	-542,201.98
Market Value on Jun 30, 2025	\$8,351.10	\$8,351.10

Income Earned

	This Period	Year to Date
Taxable Income	0.00	0.00
Tax-Exempt Income	0.00	0.00
Tax-Deferred Income	0.21	1,529.24
Total Income Earned	\$0.21	\$1,529.24
Total Short Term Realized Capital Gain/Loss	\$0.00	\$0.00
Total Long Term Realized Capital Gain/Loss	\$0.00	\$0.00
Total Realized Capital Gain/Loss	\$0.00	\$0.00

This summary is for your reference. It is not intended for tax-reporting purposes. Taxable income is taxable at the federal level and may be taxable at the state level.



Portfolio Holdings on June 30, 2025

	Number of Shares	Share Price	Market Value	% of Account
Cash and Equivalents				
US Dollar (Spot Currency:USD)	8,351.10	1.00	8,351.10	100.00%
Total Cash and Equivalents			\$8,351.10	100.00%
Private Debt				
Axume Part Agmt 10% (Firm Defined Security ID:NTEHLNU4Y)	66,753.70	0.00	0.00	0.00%
COLVIN SEC OTHER 10% (Firm Defined Security ID:NTERY7FKZ)	61,152.75	0.00	0.00	0.00%
ESPARZA MIRAMONTES SEC OTHER 10% (Firm Defined Security ID:NTEJBHPLT)	72,131.35	0.00	0.00	0.00%
Graves 2017 Prostar SEC 10% (Firm Defined Security ID:PT2221917)	102,113.76	0.00	0.00	0.00%
Kumar Part Agmt 10% (Firm Defined Security ID:NTEJJSAAU)	42,262.38	0.00	0.00	0.00%
OVIDIO VELASQUEZ GARCIA 10% PART AGMT (Firm Defined Security ID:NTE4J84KR)	104,370.25	0.00	0.00	0.00%
Warren Part Agmt 10% AML (Firm Defined Security ID:NTEZJ7SMT)	93,417.79	0.00	0.00	0.00%
Total Private Debt			\$0.00	0.00%
Portfolio Total			\$8,351.10	100.00%



Transaction Detail

Trade Date	Transaction Description	Amount	Accrued Income	Realized G/L
Janet Hope Simkins				
Income & Capital Gain Distributions				
<i>Interest</i>				
April 30, 2025	Interest on USD For Period of 04/01/25 and 04/30/25 Due on 04/30/25	0.07		0.00
May 30, 2025	Interest on USD For Period of 05/01/25 and 05/31/25 Due on 05/30/25	0.07		0.00
June 30, 2025	Interest on USD For Period of 06/01/25 and 06/30/25 Due on 06/30/25	0.07		0.00
Total Interest		\$0.21	\$0.00	\$0.00
Total Income & Capital Gain Distributions		\$0.21	\$0.00	\$0.00
Fees				
<i>Periodic & One Time Fees</i>				
April 7, 2025	Periodic Fee: Taken Quarterly \$413.24 (01/01/25 to 03/31/25) Administration Fee: \$413.24 Based on End of Period Market Value of \$550,986.11: \$550,986.11 @ 0.30% Total Annual Fee: \$1,652.96. Account 000090899636: \$413.24. Charged now \$413.24.	-413.24		0.00
June 5, 2025	One Time Fee \$20.00, Research/Special Service \$20.00, Ref 03465445	-20.00		0.00
Total Periodic & One Time Fees		-\$433.24	\$0.00	\$0.00
Total Fees		-\$433.24	\$0.00	\$0.00
Total Janet Hope Simkins		-\$433.03	\$0.00	\$0.00



Supplementary Account Details

Required Minimum Distribution Summary

Janet Hope Simkins

Prior Year End Market Value (Dec 31, 2024)	Amount Required to be Distributed for Current Year (Dec 31, 2025)	Amount Distributed Year to Date	Amount Remaining to be Distributed	Federal Withholding Tax Amount	State Withholding Tax Amount
\$549,919.52	\$31,068.90	\$0.00	\$31,068.90	\$0.00	\$0.00

Amount Distributed Year to Date: Please note, this information is as of July 2, 2025, which means the amount may include transactions that have occurred after this statement period.

Primary Owner / DOB: Janet Simkins

Beneficiary / DOB / Relationship: Scott R. Simkins -Designated Non-Spouse

Beneficiary / DOB / Relationship: Leslie S. Komlosy -Designated Non-Spouse

Required minimum distribution data is as of July 2, 2025.



Disclosures

Statements and Notices. Account statements are made available each quarter. You must promptly review each statement when it is made available to you and notify us immediately of any errors or other discrepancies that may exist. If you fail to notify us of an error or other discrepancy that appears on your statement within 30 days of the date it is first made available to you, the statement will be deemed accurate and you will be responsible for any losses that result from your delay.

Statements and notices are normally sent to the last address listed with us for your account or, if you have requested electronic statements, made available to you through our Pacific Premier Wealth Online service. We also may send electronic notifications to your email address (e.g., to alert you when your most recent electronic statement is made available). You must notify us immediately in writing of any change in your address or email address. Statements and notices are deemed delivered and made available to you when they are first mailed, emailed, or made available through our Pacific Premier Wealth Online service. Notify us promptly if you do not receive your statement by the date you normally would expect to receive it.

Dividends or other income paid by an asset sponsor near a quarter-end may not appear until the following quarter's statement. If applicable, "brokerage value" may be reported as a cumulative total of all retirement plan assets held by your broker (i.e., not individually listed) and is based on information your brokerage firm provides to us.

Physical Custody. We may consolidate the information we receive from your financial representative, brokerage firms, asset sponsors (e.g., mutual funds, insurance companies, limited partnerships, banks, etc.), or others to report all assets held in your account. If we do, that does not necessarily mean we have physical custody of all such assets. Assets in your account may be held by your brokerage firms, asset sponsors, us, or others.

Billing and Payment. Pacific Premier Trust uses two methods of billing: invoice billing and direct charge. With invoice billing, we will send an invoice detailing the custodial fees and charges incurred on your account for the most recent quarter-end. The amount shown on your invoice will be due within 30 days from the invoice date.

We encourage customers with invoice billing to enroll for autopay through our Pacific Premier Wealth Online service to have invoices paid automatically each quarter. You can enroll for Pacific Premier Wealth Online service and setup your autopay preferences on our website at: www.pacificpremiertrust.com.

We also offer the following alternative methods to pay your invoices:

- **Online:** You can schedule a one-time payment using the Pay Your Invoice link available on our website: www.pacificpremiertrust.com.
- **Phone:** You can contact a member of our Client Services team at 800.962.4238 to arrange a one-time payment.
- **Mail:** You can make your payment by check (with your account number on the memo line) mailed to the following payment address:
Pacific Premier Trust Processing Center
P.O. Box 981012
Boston, MA 02298

If you have selected our "direct charge" payment method and there is insufficient cash available in your custodial account to cover our fees and charges on the billing date, your payment method will be changed to "invoice billing." If your account is converted from our direct charge payment method to invoice billing, you will not be allowed to switch back to direct charge unless there is at least \$10,000 uninvested cash in your custodial account.



Disclosures (continued)

Required Minimum Distributions. If you are age 73 or over (or turning age 73 this year), you should be aware of an important IRS requirement that may apply to your account. According to IRS regulations, IRA owners who have turned age 73 are generally required to take an annual minimum distribution, known as a Required Minimum Distribution ("RMD"), unless special exceptions apply.

- If you have a traditional, SEP, or SIMPLE IRA and turn age 73 this year, you need to take your first RMD by April 1 of next year. You will also need to take next year's RMD by December 31 of next year.
- Traditional, SEP, and SIMPLE IRA owners who are over age 73 need to take their RMD by December 31 every year.

As required by law, we notify the IRS when accounts are subject to RMDs. We encourage you to consult with your tax advisor for more information about RMDs and related IRS requirements. If you would like help calculating your RMD amount, please contact a member of our Client Services team at 800.962.4238.

Annual Valuations. Federal law requires us to report the fair market value of each account under custody, including all assets in such accounts. Securities that have a publicly-quoted price are reported based solely on the quoted price, which is obtained from a quotation service or other source generally available to the public. For real estate assets, we must receive a valuation from a permissible third-party that satisfies our requirements. For non-real estate assets that do not have a publicly-quoted price, we normally request updated valuation information from the asset sponsor. If we do not receive updated valuation information from the asset sponsor, we may require your assistance to obtain that information. For all asset types we may exercise the rights and remedies available under our Custodial Agreement, including but not limited to, retaining a third-party to obtain the updated valuation information and charging you or your account for such costs, or requiring you to remove the asset from your account.

The value of assets listed on your December 31, year-end statement will be furnished to the Internal Revenue Service. Please keep a copy of that statement for your records.

Unrelated Business Taxable Income. If a qualified retirement account has unrelated business taxable income ("UBTI") of \$1,000 or more during the previous tax year, IRS regulations require the filing of an IRS Form 990-T. Common types of assets that may generate UBTI include the following:

- Partnerships, including limited partnerships, master limited partnerships, and publicly traded partnerships;
- Limited liability company interests when acting as an operating company and treated as a partnership for federal tax purposes; and
- Debt-financed real estate.

We encourage you to consult with your tax advisor for more information about UBTI and related IRS requirements. If an IRS Form 990-T is required for your account, you must notify us immediately and cooperate with our requirements to validate or ensure the proper filing is made.

No Reliance. We do not verify the information provided to us by your brokerage firm(s). We also do not guarantee: (i) the accuracy of valuations or prices obtained from brokerage firms, quotation services, or other sources, (ii) the continued availability of such values or prices, or (iii) your ability to obtain such values or prices in the event of a sale, redemption, or surrender. Valuation or pricing information provided or reported by us should not be used as a basis for acquiring, retaining, or disposing of an asset. Please refer to the reports (or other information) provided by your brokerage firm(s), asset sponsor(s), or other trusted sources with regard to the current valuation or pricing of your assets.

Investment Responsibility. You, in conjunction with your financial representative, have sole responsibility and discretion to manage the assets in your account. As a directed custodian, our sole responsibility is to process instructions from you or your duly appointed financial representative. We do not give investment, tax or legal advice, provide retail investment products, perform independent asset valuations or appraisals, or maintain an agency relationship with your financial representative. Without limitation, we are not responsible for the performance of your assets.

Safekeeping of Uninvested Cash. Uninvested cash is held by us in safekeeping pending one or more future events such as the payment of costs or fees associated with your account or assets, the payment of taxes, or the purchase of additional assets. Your uninvested cash amount is held by us, as custodian for your benefit, in an omnibus account maintained with Pacific Premier Bank.



Disclosures (continued)

This omnibus account is intended solely for the temporary safekeeping of client funds in anticipation of future events similar to those listed above and is not meant as an investment itself.

FDIC Insurance. Pacific Premier Trust is a division of Pacific Premier Bank. FDIC insurance coverage applies to your uninvested cash, which is aggregated with other deposits you maintain at Pacific Premier Bank for purposes of determining FDIC insurance limits. Any uninvested cash or other deposit amounts above the federal deposit insurance limit will not be insured by the FDIC. Also, FDIC insurance does not apply to non-deposit assets maintained in your custodial account. Please visit the FDIC's website at www.fdic.gov for additional information regarding deposit insurance, its coverage and limitations.

Non-Deposit Investment Products. Non-deposit investment products are not insured by the FDIC; are not deposits or other obligations of, or guaranteed by, Pacific Premier Bank or any of its divisions; and are subject to investment risks, including possible loss of the principal amount invested.



Disclosures (continued)

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PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:

525 B Street, Suite 2200, San Diego, CA 92101

A true and correct copy of the foregoing document entitled (*specify*): **COMPLAINT FOR NON-DISCHARGEABILITY OF DEBT UNDER 11 U.S.C. § 523(a)(2)(A) (FRAUD); § 523(a)(4) (LARCENY); AND § 523(a)(6)(WILLFUL AND MALICIOUS INJURY-ELDER ABUSE)**

will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) **07/21/2025**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☒ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (*date*) **07/21/2025**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

<u>DEBTOR</u>	<u>ATTORNEY FOR DEBTOR</u>
David Robert Stone 4310 Redwood Hwy, Suite 100 San Rafael, CA 94903	Michael G. Spector Law Offices of Michael G. Spector 2122 N. Broadway Santa Ana, CA 92706

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) _____, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

☒ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

07/21/2025

Date

Barb Young

Printed Name

/s/ Barb Young

Signature

1. TO BE SERVED BY THE COURT IA NOTICE OF ELECTRONIC FILING (NEF) CONTINUED:

Anthony Bisconti on behalf of Interested Party Courtesy NEF
tbisconti@bklwlaw.com, 1193516420@filings.docketbird.com, docket@bklwlaw.com

Charles L Doerksen on behalf of Creditor Westamerica Bank
cld@doerksentaylor.com

Anthony Dutra on behalf of Creditor Kataab Lateef
adutra@hansonbridgett.com, ssingh@hansonbridgett.com

Christopher Hart on behalf of Creditor Elizabeth Montgomery
chart@nutihart.com, admin@nutihart.com

Sarah Rose Hasselberger on behalf of Trustee Larry D Simons (TR)
shasselberger@marshackhays.com,
shasselberger@ecf.courtdrive.com; cbastida@marshackhays.com; alinares@ecf.courtdrive.com

D Edward Hays on behalf of Trustee Larry D Simons (TR)
ehays@marshackhays.com,
ehays@ecf.courtdrive.com; alinares@ecf.courtdrive.com; cmendoza@marshackhays.com; cmendoza@ecf.courtdrive.com

Chris D. Kuhner on behalf of Creditor Frank P. Giorgi Revocable Trust
c.kuhner@kornfieldlaw.com

Paul J Laurin on behalf of Creditor Catherine Thomas
plaurin@btlaw.com, slmoore@btlaw.com; jboustani@btlaw.com; jose.barajas@btlaw.com

Paul J Laurin on behalf of Creditor Charles Dimick
plaurin@btlaw.com, slmoore@btlaw.com; jboustani@btlaw.com; jose.barajas@btlaw.com

Stacey A Miller on behalf of Creditor Porsche Financial Services, Inc. dba Bentley Financial Services and Creditor Porsche Leasing Ltd.
smiller@tharpe-howell.com

Laila Rais on behalf of Trustee Larry D Simons (TR)
lmassud@marshackhays.com, lmassud@ecf.courtdrive.com; lbuchanan@marshackhays.com; alinares@ecf.courtdrive.com

Vicki L Schennum on behalf of Debtor David Robert Stone
schennumlaw@icloud.com

Larry D Simons (TR)
larry@janus.law, c119@ecfcbis.com; nancy@lsimonslaw.com; simonsecf@gmail.com; keila@janus.law

Michael G Spector on behalf of Debtor David Robert Stone
mgspector@aol.com, mgsloffice@aol.com

Edward A Treder on behalf of Creditor Wells Fargo Bank, N.A.
cdcaecf@bdfgroup.com

United States Trustee (RS)
ustpreion16.rs.ecf@usdoj.gov

Reilly D Wilkinson on behalf of Creditor Eric Steinberg, his successors and/or assignees
rwilkinson@scheerlawgroup.com, rwilkinson@ecf.courtdrive.com

B1040 (FORM 1040) (12/24)

ADVERSARY PROCEEDING COVER SHEET (Instructions on Reverse)		ADVERSARY PROCEEDING NUMBER (Court Use Only)
PLAINTIFFS JANET H. SIMKINS, as an individual and as Trustee of the JANET H. SIMKINS SURVIVOR'S TRUST	DEFENDANTS DAVID ROBERT STONE	
ATTORNEYS (Firm Name, Address, and Telephone No.) William A. Smelko (Bar No. 96970) Maria K. Pum (Bar No. 120987) PROCOPIO, CORY, HARGREAVES & SAVITCH LLP 525 B Street, Suite 2200, San Diego, CA 92101 (619) 238-1900 bill.smelko@procopio.com; maria.pum@procopio.com	ATTORNEYS (If Known) Michael G. Spector (145035) LAW OFFICES OF MICHAEL G. SPECTOR 2122 North Broadway Santa Ana, California 92706 Tel. (714) 835-3130 Fax. (714) 558-7435 mgspector@aol.com	
PARTY (Check One Box Only) <input type="checkbox"/> Debtor <input type="checkbox"/> U.S. Trustee/Bankruptcy Admin <input checked="" type="checkbox"/> Creditor <input type="checkbox"/> Other <input type="checkbox"/> Trustee	PARTY (Check One Box Only) <input checked="" type="checkbox"/> Debtor <input type="checkbox"/> U.S. Trustee/Bankruptcy Admin <input type="checkbox"/> Creditor <input type="checkbox"/> Other <input type="checkbox"/> Trustee	
CAUSE OF ACTION (WRITE A BRIEF STATEMENT OF CAUSE OF ACTION, INCLUDING ALL U.S. STATUTES INVOLVED) COMPLAINT FOR NON-DISCHARGEABILITY OF DEBT UNDER 11 U.S.C. § 523(a)(2)(A) (FRAUD); § 523(a)(4) (LARCENY); AND § 523(a)(6)(WILLFUL AND MALICIOUS INJURY-ELDER ABUSE);		
NATURE OF SUIT (Number up to five (5) boxes starting with lead cause of action as 1, first alternative cause as 2, second alternative cause as 3, etc.)		
FRBP 7001(a) – Recovery of Money/Property <input type="checkbox"/> 11-Recovery of money/property - §542 turnover of property <input type="checkbox"/> 12-Recovery of money/property - §547 preference <input type="checkbox"/> 13-Recovery of money/property - §548 fraudulent transfer <input type="checkbox"/> 14-Recovery of money/property - other FRBP 7001(b) – Validity, Priority or Extent of Lien <input type="checkbox"/> 21-Validity, priority or extent of lien or other interest in property FRBP 7001(c) – Approval of Sale of Property <input type="checkbox"/> 31-Approval of sale of property of estate and of a co-owner - §363(h) FRBP 7001(d) – Objection/Revocation of Discharge <input type="checkbox"/> 41-Objection / revocation of discharge - §727(c),(d),(e) FRBP 7001(e) – Revocation of Confirmation <input type="checkbox"/> 51-Revocation of confirmation FRBP 7001(f) – Dischargeability <input type="checkbox"/> 66-Dischargeability - §523(a)(1),(14),(14A) priority tax claims <input checked="" type="checkbox"/> 62-Dischargeability - §523(a)(2), false pretenses, false representation, actual fraud <input checked="" type="checkbox"/> 67-Dischargeability - §523(a)(4), fraud as fiduciary, embezzlement, larceny <div style="text-align: center;">(continued next column)</div>	FRBP 7001(f) – Dischargeability (continued) <input type="checkbox"/> 61-Dischargeability - §523(a)(5), domestic support <input checked="" type="checkbox"/> 68-Dischargeability - §523(a)(6), willful and malicious injury <input type="checkbox"/> 63-Dischargeability - §523(a)(8), student loan <input type="checkbox"/> 64-Dischargeability - §523(a)(15), divorce or separation obligation (other than domestic support) <input type="checkbox"/> 65-Dischargeability - other FRBP 7001(g) – Injunctive Relief <input type="checkbox"/> 71-Injunctive relief- imposition of stay <input type="checkbox"/> 72-Injunctive relief - other FRBP 7001(h) Subordination of Claim or Interest <input type="checkbox"/> 81-Subordination of claim or interest FRBP 7001(i) Declaratory Judgment <input type="checkbox"/> 91-Declaratory judgment FRBP 7001(j) Determination of Removed Action <input type="checkbox"/> 01-Determination of remove d claim or cause Other <input type="checkbox"/> SS-SIPA Case - 15 U.S.C. §§78aaa <i>et seq.</i> <input type="checkbox"/> 02-Other (e.g. other actions that would have been brought in state court if unrelated to bankruptcy case)	
<input checked="" type="checkbox"/> Check if this case involves a substantive issue of state law	<input type="checkbox"/> Check if this is asserted to be a class action under FRCP 23	
<input type="checkbox"/> Check if a jury trial is demanded in complaint	Demand \$ 1,192,201.98, plus interest, punitives & attorneys' fees	
Other Relief Sought		

B1040 (FORM 1040) (12/24)

BANKRUPTCY CASE IN WHICH THIS ADVERSARY PROCEEDING ARISES		
NAME OF DEBTOR DAVID ROBERT STONE dba CORNERSTONE FINANCIAL SERVICES		BANKRUPTCY CASE NO. 6:25-bc-12353-SY
DISTRICT IN WHICH CASE IS PENDING Central District of California	DIVISION OFFICE Riverside County	NAME OF JUDGE Hon. Scott H. Yun
RELATED ADVERSARY PROCEEDING (IF ANY)		
PLAINTIFF	DEFENDANT	ADVERSARY PROCEEDING NO.
DISTRICT IN WHICH ADVERSARY IS PENDING	DIVISION OFFICE	NAME OF JUDGE
SIGNATURE OF ATTORNEY (OR PLAINTIFF) /s/ William A. Smelko		
DATE July 21, 2025	PRINT NAME OF ATTORNEY (OR PLAINTIFF) William A. Smelko	

INSTRUCTIONS

The filing of a bankruptcy case creates an “estate” under the jurisdiction of the bankruptcy court which consists of all of the property of the debtor, wherever that property is located. Because the bankruptcy estate is so extensive and the jurisdiction of the court so broad, there may be lawsuits over the property or property rights of the estate. There also may be lawsuits concerning the debtor’s discharge. If such a lawsuit is filed in a bankruptcy court, it is called an adversary proceeding.

A party filing an adversary proceeding must also complete and file Form 1040, the Adversary Proceeding Cover Sheet, unless the party files the adversary proceeding electronically through the court’s Case Management/Electronic Case Filing system (CM/ECF). (CM/ECF captures the information on Form 1040 as part of the filing process.) When completed, the cover sheet summarizes basic information on the adversary proceeding. The clerk of court needs the information to process the adversary proceeding and prepare required statistical reports on court activity.

The cover sheet and the information contained on it do not replace or supplement the filing and service of pleadings or other papers as required by law, the Bankruptcy Rules, or the local rules of court. The cover sheet, which is largely self-explanatory, must be completed by the plaintiff’s attorney (or by the plaintiff if the plaintiff is not represented by an attorney). A separate cover sheet must be submitted to the clerk for each complaint filed.

Plaintiffs and Defendants. Give the names of the plaintiffs and defendants exactly as they appear on the complaint.

Attorneys. Give the names and addresses of the attorneys, if known.

Party. Check the most appropriate box in the first column for the plaintiffs and the second column for the defendants.

Demand. Enter the dollar amount being demanded in the complaint.

Signature. This cover sheet must be signed by the attorney of record in the box on the second page of the form. If the plaintiff is represented by a law firm, a member of the firm must sign. If the plaintiff is pro se, that is, not represented by an attorney, the plaintiff must sign.